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United States. Congress. House. Committee.

# AMTRAK'S SERVICE REDUCTIONS

on Interstate and Foreign Commerce.  
Subcommittee on Transportation and Commerce.

## HEARINGS

BEFORE THE

### SUBCOMMITTEE ON TRANSPORTATION AND COMMERCE

OF THE

### COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE HOUSE OF REPRESENTATIVES

NINETY-FIFTH CONGRESS

FIRST SESSION

ON

AMTRAK'S 5-YEAR CORPORATE PLAN

OCTOBER 12 AND 13, 1977

Serial No. 95-87

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Committee on Interstate and Foreign Commerce



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American Bus Association, Arthur D. Lewis, president.  
California Department of Transportation, G. E. Gray, acting chief, division of mass transportation.  
Interstate Commerce Commission:  
    O'Neal, Hon. A. Daniel, Chairman.  
    Walsh, John P., Chief, Passenger Service Branch, Bureau of Operations.  
Michigan Department of State Highways and Transportation, William L. Barwis, manager, rail passenger operations.  
Minnesota Department of Transportation, Sherri Y. Alston, assistant commissioner, public transportation division.  
National Association of Railroad Passengers, Ross Capon, executive director.  
National Conference of State Railroad Officials, Clifford Elkins, director.  
National Railroad Passenger Corp. (Amtrak):  
    Brazier, Don, vice president, finance.  
    Lombardi, John, director, State and local affairs.  
    Reistrup, Paul H., president.  
New Jersey Department of Transportation:  
    Anderson, Richard J., director, New Jersey Commuter Services Division.  
    Robins, Martin, executive assistant to Commissioner Peter E. Stangl.  
New York State Department of Transportation:  
    Hennessy, Hon. William C., commissioner.  
    Rossi, Louis, director of rail operations.  
Technical Information Project, Inc., Arthur H. Purcell, Ph. D., director.  
Transportation Department:  
    Gallamore, Hon. Robert E., Deputy Administrator, Federal Railroad Administration.  
    Swinburn, Charles, Associate Administrator, Federal Assistance.





## AMTRAK'S SERVICE REDUCTIONS

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WEDNESDAY, OCTOBER 12, 1977

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON TRANSPORTATION AND COMMERCE,  
COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE,  
*Washington, D.C.*

The subcommittee met at 2 p.m., pursuant to notice, in room 2218, Rayburn House Office Building, Hon. Fred B. Rooney, presiding.

Mr. ROONEY. When Congress established Amtrak by the Rail Passenger Service Act of 1970, most railroads were desirous of abandoning passenger service because they believed it was a hopeless financial burden.

At that time, it was estimated that the American railroads were losing \$200 million a year on this service. This was believed to be an intolerable loss. On the other hand, many persons believed that the reported loss was an inflated amount due to the railroads' discouragement of passenger service.

Congress, however, believed that with proper management, equipment, and financing, rail passenger service would be a viable alternative to the other modes of transportation. It therefore specifically provided, in the enabling legislation, that Amtrak was to be a for-profit corporation. This belief was supported by Amtrak's backers who predicated it would make a profit by 1976.

As we all know, Amtrak has not made a profit during the first 6 years of its operations. Moreover, its deficits, which commenced with relatively modest amounts, have been mounting steadily.

In addition, Amtrak's 5-year corporate plan, issued in August 1975, predicted operating losses between then and 1980 totaling \$2.1 billion. The General Accounting Office reported in April 1976, that this estimate was too low. It stated the amount was more likely to be \$2.6 billion. Amtrak disagreed at the time, but I understand that now Amtrak is predicting an operating loss of \$854 million for fiscal year 1982.

For fiscal year 1978, which commenced last week, Congress appropriated \$488.5 million for an operational subsidy. Amtrak, however, believes that this amount is inadequate. It has requested a supplemental appropriation in the amount of \$56.5 million, and has stated that if this appropriation is not forthcoming, it will be required to impose severe service reductions, and/or elimination of trains.

In view of Amtrak's lack of profitability, and the prospect for ever-increasing losses, Congress must determine what amount constitutes a tolerable annual operating loss. I recognize that for many people this has become a very emotional issue, in addition to being an eco-

conomic issue. Nevertheless, it must be recognized that there is a point beyond which it becomes folly to continue certain services or trains. On the other hand, we must examine why ever-increasing losses must be expected.

Where the projects for reasonable services at, if not a profit, a reasonable loss, unrealistic? What efforts are being made to reduce costs and, conversely, what efforts are being made to increase revenues?

To date, the Government has appropriated and guaranteed loans for capital improvements and operational grants amounting to about \$4.3 billion. It is incumbent upon this subcommittee to review Amtrak's accounting for its stewardship.

Today, we will be focusing primarily on the methodology used by Amtrak to determine which services should be reduced, and the extent to which they are to be reduced, given the present appropriation of \$488.5.

It will be recalled that Congress directed Amtrak to establish criteria and procedures for making route and service decisions. This criteria is now in effect. I understand, however, that the criteria was not applied in this instance. We will want to know why this criteria was not applied. We will also want to consider what alternative measures were contemplated to the proposed service reductions.

Finally, we will want to know what assurances there are as to the reliability of Amtrak's budget projections for operating losses.

Our first witness today will be the Honorable John M. Murphy of the great State of New York. Mr. Murphy.

#### **STATEMENT OF HON. JOHN M. MURPHY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK**

Mr. MURPHY. I was going to make some remarks and introduce the witness. I would ask unanimous consent that my statement be introduced.

Mr. ROONEY. Without objection, it will be entered into the record. [Hon. John Murphy's prepared statement follows:]

#### **STATEMENT OF HON. JOHN M. MURPHY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK**

Mr. Chairman, fellow colleagues, it is with great pleasure that I introduce the Commissioner of Transportation for the State of New York, William Hennessy. Although this gentleman has been commissioner for only a few months, he is no stranger to New York State government, having been involved in various aspects of transportation for over 20 years.

Mr. MURPHY. I would like to introduce the Honorable William C. Hennessy, the commissioner of transportation, New York Department of Transportation.

#### **STATEMENT OF HON. WILLIAM C. HENNESSY, COMMISSIONER, NEW YORK STATE DEPARTMENT OF TRANSPORTATION, ACCOMPANIED BY LOUIS ROSSI, DIRECTOR OF RAIL OPERATIONS**

Mr. HENNESSY. Thank you for asking us to give our comments on the service Amtrak is giving, particularly to New York State, if you

will. I have with me Louis Rossi. Louis is the director of our rail operations.

I would like to say, at the outset, that I would hope I would have a better story to tell you today, but it is not a very happy story. I would like to confine my remarks to my prepared text, if that is all right with you, Mr. Chairman.

Mr. ROONEY. Without objection, your prepared text will become a part of the record, and you may summarize.

Mr. HENNESSY. I do not think it has been provided to the committee, and I will go ahead, in any event.

Amtrak was created as a for-profit corporation to operate and revitalize intercity rail passenger service. Seven years later, Amtrak's losses are far larger than anyone projected. Service quality has deteriorated to an unacceptable level, and potentially profitable short commuter distance corridors in the Northeast have been neglected. Under Amtrak's present management philosophy, there is little hope the current trend of increasing annual deficits and erosion of service quality can ever be halted or reversed.

New York State's Empire service corridor, between New York City and Buffalo, is a case in point. Since Amtrak's inception, millions of dollars have been invested by USRA, ConRail, MTA, and New York State DOT to improve the quality of Empire corridor traffic.

By far, the most significant part of this improvement effort is the State's high speed rail program. I might add, Mr. Chairman, that we have a \$250 million bond issue in New York State, appropriated and committed to improve rail services in New York State and its expenditures are on schedule in concert with many capital improvements going on in the State generally.

In October of 1976, the Department embarked upon a first phase of a program with a commitment of \$36 million from its rail bond program to improve the tracks and signals between Poughkeepsie and Schenectady.

Upon completion of the project in 1979, the maximum allowable speed along this section will be increased from the present 70 miles per hour to 110 miles per hour.

The second phase of the program will involve similar improvements to Schenectady-Buffalo segment and is estimated to cost between \$50 million and \$100 million. Total ridership in the New York City-Albany-Buffalo corridor is projected to increase from the present 700,000 annual figure to 3 million after completion of the State's high speed rail program.

Just as a comparison, Mr. Chairman, I might add that when we speak of 700,000 passengers per year on the Amtrak services, we might compare that to the 4 million per day that we are taking care of with our commuter services in New York State. It is not to say we are without experience in the rail business.

The ridership and profit potential of the Empire corridor and the millions invested, to date, in track and signal improvements, are now being discounted and worse, actually eroded.

The quality of Amtrak service in the Empire corridor has collapsed since Amtrak assumed operation of passenger services in 1971. The May 1971 scheduled running time of 7 hours 30 minutes between New

York City and Buffalo has been increased by more than 1 hour to 8 hours and 40 minutes.

The on-time performance of Empire service trains averaged only 14 percent for the first 4 months of 1977. Amtrak has failed to honor commitments for new equipment and continues to operate key Empire service trains with wornout, conventional equipment.

Despite this unacceptable level of service, Amtrak continues to regularly increase their fares. Worse still, Amtrak is absolutely adamant in refusing to tighten up slack schedules and reduce travel times as track work improvements are completed.

New York State DOT has had to abandon negotiations with Amtrak and negotiate directly with ConRail. ConRail has been cooperative and has raised track speeds in New York for passenger trains.

We are stunned that, having achieved this for Amtrak, Amtrak will not decrease schedule times but insists upon using the available time as slack in its already generous schedules. It is obvious that additional appropriations to Amtrak will not solve this problem.

Amtrak has already demonstrated its inability to capitalize on the benefits and potential provided by New York State's liberal investments in the most ambitious rail passenger service improvement program in the Nation.

Last year, New York granted Amtrak tax relief of over \$10 million and now Amtrak has jeopardized even that as part of our good faith. Despite our best efforts, Amtrak has failed to return service quality for State aid and has become an operational fiasco.

Clearly, the Federal management attention is misdirected and simply providing more public funds, under the present condition, cannot be the answer.

Alternatives are contracting directly with railroads and returning the subsidies to the States. Other suggestions have been contracting with the national buslines or investing in autotrain. More importantly, Mr. Chairman, I do not wish to sit and say how it should be done. I only came today to tell you that, as is apparent by my testimony, we are not quite satisfied with the way Amtrak is doing business in New York State. We would like to think there are alternatives that your good committee could discover, could look at and could perhaps help us. In turn, we will help you. In turn, we will work with Amtrak, if they would only work more closely with us and don't play the game of solitaire with railroading.

Let us work together on this and solve it.

[Testimony resumes on p. 33.]

[Mr. Hennessy's prepared statement and attachments follow:]

**STATEMENT OF WILLIAM C. HENNESSY, COMMISSIONER, NEW YORK STATE  
DEPARTMENT OF TRANSPORTATION**

Amtrak was created by the Rail Passenger Service Act of 1970 as a for-profit corporation to operate and revitalize intercity rail passenger service. Seven years later, Amtrak's losses are far larger than anyone projected; service quality has deteriorated to an unacceptable level; and potentially profitable short to medium distance corridors in the Northeast have been neglected. Under Amtrak's present management philosophy, there is little hope that current trend of increasing annual deficits and erosion of service quality can ever be halted and reversed. New York State's Empire Service Corridor between New York City and Buffalo is a case in point.

Since Amtrak's inception, millions of dollars have been invested by USRA, Conrail, MTA and NY DOT to improve the quality of Empire Corridor trackage. By far the most significant part of this improvement effort is the State's High Speed Rail Program. In October, 1976, the Department embarked on the first phase of this program with a commitment of \$36 million from its Rail Bond Program to improve tracks and signals between Poughkeepsie and Schenectady. Upon completion of the project in 1979, the maximum allowable speed along this section will be increased from the present 70 mph to 110 mph. The Second phase of the program will involve similar improvements to the Schenectady-Buffalo segment and is estimated to cost between \$50 and \$100 million. Total ridership in the New York City-Albany- Buffalo Corridor is projected to increase from the present 700,000 annual figure up to 3,000,000 after completion of the State's High Speed Rail Program.

The ridership and profit potential of the Empire Corridor and the millions invested to date in track and signal improvements are now being discounted and worse, actually eroded, management. The quality of Amtrak service in the Empire Corridor has collapsed since Amtrak assumed operation of passenger services in 1971. The May, 1971 scheduled running time of 7 hours 30 minutes between New York City and Buffalo has been increased by more than an hour to 8 hours 40 minutes. On-time performance of Empire Service trains averaged only 14.2% for the first four months of 1977. Amtrak has failed to honor commitments for new equipment and continues to operate key Empire Service trains with worn-out conventional equipment. And despite this unacceptable level of service, Amtrak continues to regularly increase fares.

Worse still, Amtrak is absolutely adamant in refusing to tighten-up slack schedules and reduce travel times as track work improvements are completed. NY DOT has had to abandon cooperative negotiations with Amtrak and negotiate for speed increases directly with Conrail. Conrail has been cooperative and has raised track speeds in New York for passenger trains. We are stunned that, having achieved this for Amtrak, Amtrak will not decrease schedule times but insists upon using the available time as slack in its already generous schedules.

It is obvious that additional appropriations to Amtrak will not solve the problem. Amtrak has already demonstrated its inability to capitalize on the benefits and potential provided by New York State's liberal investments in the most ambitious rail passenger service improvement program in the nation. Last year, New York granted Amtrak tax relief worth over \$10 million annually and now Amtrak has jeopardized even this good faith action.

Despite our best efforts, Amtrak has failed to return service quality for State aid and has become an operational fiasco. Clearly the Federal management attention is misdirected, and simply providing more public funds under present conditions is not the answer. Alternatives to consider are contracting directly with the railroads and returning the subsidies directly to the States for contract operations in the manner that commuter services are successfully run. Other suggestions that have been made are contracting with the national bus-lines or investing in Autotrain. As yet another alternative, incentive payments could be provided for and tied to operating performance and economic viability. These incentive payments could be allocated to dividends to Amtrak's stockholders—more or less compelling Amtrak to operate like a normal business enterprise. More reorganization of the present Amtrak organization is not an acceptable alternative. The basic point is that we do not have to make, nor should we think we must make, the Nation's intercity traveler captive to an inefficient monopoly railroad.

NEW YORK STATE  
**DEPARTMENT OF TRANSPORTATION**  
 William C. Hennessy, Commissioner



1220 Washington Avenue, State Campus, Albany, New York 12232

OCT 21 1977

The Honorable Fred Rooney  
 The House of Representatives  
 Washington, DC 20515

Dear Mr. Rooney:

I want to thank you for the opportunity you gave me to appear before your Subcommittee last week and state my views on AMTRAK.

First of all, I would like to expand upon my answer to your last question about CONRAIL service quality in New York. I would like to state for the record that we in New York are convinced that the most important reason CONRAIL service quality in our Southern Tier turned out well is because of the interest and commitment your Subcommittee demonstrated by coming to Elmira and hearing our concerns. I do not believe I had the opportunity to thank you for this, and I hope we can call upon you in the future to help on other freight service problems.

The travelling public needs the same kind of help with regard to AMTRAK. AMTRAK has not shown, as my testimony indicated, that it can capitalize on public investments and take steps toward better service and increased profitability (or at least decreased losses). I am confident that the close involvement of your Subcommittee can rectify this situation and provide us with remedies.

You asked me what alternatives I saw to the present system and what remedies I might suggest. Let me elaborate on this for you.

First and foremost, the present AMTRAK organization provides no checks and balances on operational, planning, marketing or other management decisions. We have accepted the creation of a monopoly railroad and have provided no checks and balances against these decisions, little regulatory mechanism and no mechanism for providing any competitive or substitute services whatsoever.

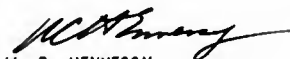
Corrective actions to consider are:

1. A balanced state-DOT representation on the AMTRAK Board of Directors
2. A statutory percentage of AMTRAK appropriations specifically set aside for 403(b) services. It might also be wise to establish a statutory provision increasing this percentage 10% every year; eventually, this would make AMTRAK an entirely jointly-funded state/federal program.

3. A statutory change permitting a state or commuter rail authority (at its option) to elect to have the entire federal subsidy of a particular train service appropriated directly to it. As I mentioned, the states are no newcomers to the job of moving rail passengers and, in many cases, providing additional intercity service will be a minor new addition to commuter responsibilities.
4. Returning responsibility for operations back to individual railroad with AMTRAK only providing coordination effort such as; reservations, national timetables.

Again, let me express my thanks to you and extend my pledge to assist you and your staff in any way you desire. I am attaching a detailed staff study of AMTRAK operations in New York which explains some of the matters we are most concerned about and which indicate to us some of the management problems needing resolution.

Sincerely,



W. C. HENNESSY  
Commissioner

cc: The Honorable John Murphy  
Mr. Brad Johnson  
Mr. Clifford Elkins

Attachment

Briefing Document  
September 15, 1977

## SUMMARY OF AMTRAK ISSUES

### ON-TIME PERFORMANCE

On-time performance in New York State has declined since the beginning of 1975. Empire Service performance for the first four months of 1977 has been a meager 6.2%, 3.1%, 12.3%, and 14.2%. Amtrak must be persuaded to address and solve the problems such as equipment failures and lack of accountability which are contributing to unacceptable train performance. A detailed discussion of this issue is attached.

### FARES

Fares should not be increased until an acceptable level of on-time performance has been achieved. Amtrak has continued to increase fares despite the objections of this Department. A detailed discussion of this issue is attached.

### SCHEDULE REDUCTIONS

The Department is convinced that schedule reductions are possible now as a result of recent State, Conrail, MTA and USRA investments in the Empire Corridor. In most areas, with the exception of the Poughkeepsie-Hoffmans segment, the track is in better condition now than it was when scheduled running times were shorter. We are currently addressing the possibility of increased track speeds and schedule reductions with Conrail. A detailed discussion of this issue is attached.

### AMFLEET EQUIPMENT

Amtrak must supply new Amfleet equipment as soon as possible to replace worn out conventional equipment now operating in the Empire Corridor. When the Department embarked on its high speed rail program, Schuler and Reistrup reached the understanding that the State would be responsible for track work and Amtrak would provide new equipment to meet demand. A detailed discussion of this issue is attached.

### NEW ALBANY OR SYRACUSE TO BUFFALO TRAIN

In the February, 1977 Schuler-Reistrup Letter of Intent, Amtrak agreed to initiate additional service from Albany or Syracuse to Buffalo at the Spring, 1977 schedule change. Amtrak did not meet the Spring target date and has now taken the position that implementation of the new train this Fall must be accompanied by service reductions elsewhere in the Empire Corridor. This position is totally unacceptable to the State. A detailed discussion of this issue is attached.



AMTRAK-CONRAIL MAINTENANCE AGREEMENT FOR  
POUGHKEEPSIE-SCHENECTADY HIGH SPEED RAIL IMPROVEMENTS

The agreement between the State and Conrail for the on-going Poughkeepsie-Schenectady High Speed Rail Track and Signal project envisions a separate maintenance agreement between Conrail and Amtrak for incremental maintenance (maintenance over and above that required for freight service). The Department has repeatedly requested Amtrak for a copy of the Amtrak-Conrail Letter of Intent in connection with the incremental maintenance agreement. If Amtrak does not honor this request now, the High Speed Rail project may be in jeopardy.

SERVICE IMPROVEMENTS TO BUFFALO-NIAGARA FALLS AREA

A commitment from Amtrak to extend Empire Service from Buffalo to Niagara Falls with possible connections to Toronto is a prerequisite for further advancement of Buffalo-Niagara Falls service improvements including rehabilitation of the Niagara Branch and construction of a station at Niagara Falls. Conrail and the Department have advanced the Niagara Branch rehabilitation project to a point where this commitment is needed before further progress can be made.

SCHENECTADY STATION

Last August the Schenectady City Council approved the parcels of land for conveyance to Amtrak for parking in connection with the new downtown Schenectady Station. The City (Mayor Duci) is now reconsidering the parking situation and unless Amtrak is assured the availability of adequate parking, further project development may be delayed and the October, 1978 opening date may not be met.

## ON-TIME PERFORMANCE

BACKGROUND

Standards for the performance of passenger trains are prescribed under Section 1124.6 of the Interstate Commerce Commission's Adequacy of Intercity Rail Passenger Service Standards (Part 1124 of Title 49 of Code of Federal Regulations, December 27, 1973). Section 1124.6 states that a train shall arrive at its final destination no later than 5 minutes after the scheduled arrival time per 100 miles of operation, or 30 minutes after the scheduled arrival time, whichever is less. The following table illustrates the application of this standard to Empire Service trains.

EMPIRE SERVICE ON-TIME PERFORMANCE STANDARDS

<u>TRAINS</u>	<u>ONE-WAY MILEAGE</u>	<u>MAXIMUM TIME TRAIN CAN ARRIVE AT FINAL DESTINATION AFTER SCHEDULED ARRIVAL WITHOUT BEING CONSIDERED LATE</u>
NYC-Albany	141	5 minutes
NYC-Syracuse	286	15 minutes
NYC-Buffalo	438	20 minutes

Amtrak's Empire Service on-time performance has declined steadily since the beginning of 1975. Table 1 summarizes monthly Empire Service on-time performance for 1974, 1975, 1976 and 1977 to date.

AMTRAK'S POSITION

Amtrak contends that their inability to produce acceptable on-time performance stems primarily from the following:

-The single track between Stuyvesant (CP 126 - approximately 15 miles south of the Albany-Rensselaer Station) and Hoffmans (CP 11 - approximately 8 miles east of the Amsterdam station) causes passenger train delays. Even though passenger trains are scheduled to avoid interference on the single track, these delays do occur if certain trains are late. For example, eastbound passenger trains are often stopped at Hoffmans and are not allowed to enter the single track until a late westbound passenger train has cleared the single track at Hoffmans. Amtrak maintains that installation of the second track between Stuyvesant and Albany-Rensselaer under our High Speed Rail contract will enable them to improve on-time performance.

-Track maintenance and rehabilitation projects are currently being progressed under several programs including the Department's Poughkeepsie-Schenectady High Speed Rail Track and Signal Program and Albany-Buffalo Interlocking Rehabilitation Program, Conrail's 1977 Poughkeepsie-Buffalo Maintenance Program and MTA's 1977 Grand Central Terminal - Poughkeepsie Maintenance Program. Amtrak argues that this maintenance and rehabilitation work causes delays because passenger trains must pass work gangs at reduced speed (typically 30 mph) and must sometimes stop completely to receive train orders or wait for an opposing train to "single track" around a work gang.

TABLE 1  
SUMMARY OF AMTRAK "EMPIRE SERVICE" ON-TIME PERFORMANCE  
(PERCENT)

MONTH	1974					1975				
	NYC - ALBANY	NYC - SYRACUSE	NYC - BUFFALO	TOTAL EMPIRE SERVICE	TOTAL SHORT HAUL	NYC - ALBANY	NYC - SYRACUSE	NYC - BUFFALO	TOTAL EMPIRE SERVICE	TOTAL SHORT HAUL
Jan.	*	*	*	*	*	73.1	85.5	71.0	75.7	82.4
Feb.	57.1	67.9	48.2	55.7	69.6	64.9	73.2	46.4	62.4	79.5
March	*	*	*	*	*	71.0	74.2	59.7	69.0	82.9
April	47.8	98.3	68.3	66.1	78.1	69.2	81.7	36.7	64.2	79.7
May	74.2	100.0	62.1	74.5	80.8	61.3	80.7	37.1	60.1	76.7
June	*	*	*	*	*	63.3	85.0	51.7	65.8	78.4
July	77.4	95.2	71.0	78.4	80.4	68.6	90.3	67.7	73.8	77.7
Aug.	71.0	93.5	66.9	74.0	81.0	55.7	88.7	50.0	62.5	76.2
Sept.	85.2	98.4	85.5	88.0	85.3	55.8	95.0	66.7	68.2	79.4
Oct.	84.6	97.3	81.8	86.0	85.5	66.7	82.3	51.6	66.8	79.5
Nov.	90.8	93.3	87.0	90.0	84.8	73.8	58.3	55.0	65.3	81.9
Dec.	67.7	72.6	43.6	60.5	80.8	57.6	44.4	41.9	50.5	74.3
AVERAGE	72.9	90.7	68.3	74.8	80.7	65.1	78.3	53.0	65.4	79.1

\*data not available

TABLE 1  
SUMMARY OF AMTRAK "EMPIRE SERVICE" ON-TIME PERFORMANCE  
(PERCENT)

MONTH	1976				1977			
	NYC - ALBANY	NYC - SYRACUSE	NYC - BUFFALO	TOTAL EMPIRE SERVICE SHORT HAUL	NYC - ALBANY	NYC - SYRACUSE	NYC - BUFFALO	TOTAL EMPIRE SERVICE SHORT HAUL
Jan.	63.7	40.3	48.4	73.2	7.5	4.8	4.8	58.1
Feb.	60.3	53.4	53.4	72.8	4.2	3.6	0.0	70.1
March	81.5	77.4	80.7	77.0	17.7	40.3	21.0	72.5
April	57.9	48.3	53.3	74.7	22.3	33.3	23.3	72.5
May	75.8	53.2	62.9	81.8				
June	51.7	33.3	13.3	71.2				
July	48.4	46.8	27.4	74.1				
Aug.	58.1	53.2	29.0	73.7				
Sept.	55.7	66.7	45.0	77.3				
Oct.	62.9	64.5	51.6	75.0				
Nov.	48.4	44.3	46.0	75.2				
Dec.	51.9	29.0	40.0	71.9				
AVERAGE	59.7	50.9	45.9	74.8	12.9	20.5	12.3	68.3

-Slow orders (speed restrictions) placed on sections of bad track where work has not yet commenced or is not yet complete delay passenger trains and reduce on-time performance.

#### NYS DOT'S POSITION

The Department recognizes Amtrak's contentions as only part of the on-time performance problem and argues as follows:

-Passenger trains with acceptable on-time performance were operated with the single track between Stuyvesant and Hoffmans and while track was being maintained and rehabilitated for several years prior to 1975. The single track is only a problem if delays elsewhere set up a potential conflict between opposing trains on the single track.

-The Department has determined from passenger train delay reports that a significant percentage of the delays are attributable to factors other than track and signal problems and train interference in connection with the single track. These other delays are depicted in Chart 1 and are summarized in the table below.

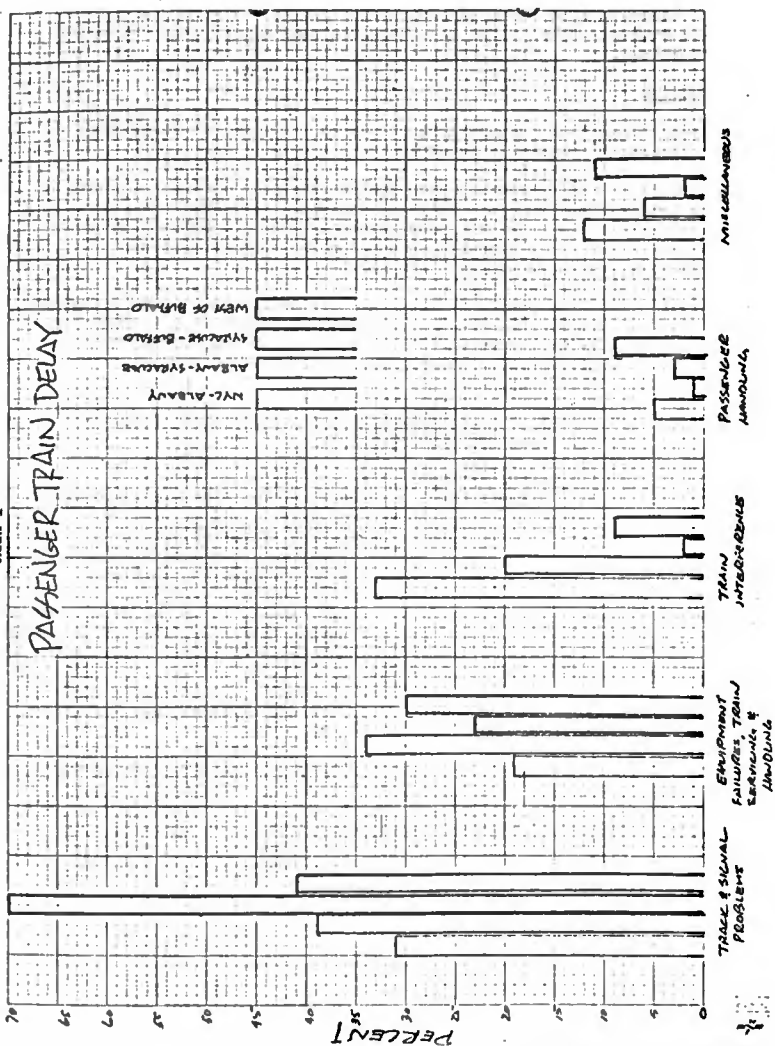
#### PASSENGER TRAIN DELAYS NOT ASSOCIATED WITH TRACK & SIGNAL PROBLEMS AND TRAIN INTERFERENCE

<u>NATURE OF DELAY</u>	<u>PERCENT OF TOTAL DELAY TIME</u>	<u>EXAMPLES OF PROBLEMS CAUSING DELAY</u>
Equipment failures, train servicing and handling	26.5	Failure of air conditioning in conventional coach requires lengthy delay at station stop enroute for servicing.
Passenger Handling	4.5	Conductor is not in place to open door and assist passengers when train arrives at station resulting in additional station dwell time.
Miscellaneous	7.8	Train crew arrives late at station.
<b>TOTAL</b>	<b>38.8</b>	

Delays not associated with track and signal problems and train interference generally stem from a lack of accountability on the part of Amtrak and Conrail. Operation of passenger service is a joint effort (i.e. Conrail maintains the track to passenger service standards and provides train operators under contract with Amtrak; Amtrak owns and maintains the equipment and provides on-board service personnel) and neither Conrail nor Amtrak management is overly concerned about accountability since one can easily blame the other when operational problems arise. This further impacts each organization to the extent that employees no longer feel the need to accomplish their tasks in a responsible fashion. The root of the problem lies with Amtrak. The on-time performance issue cannot be satisfactorily resolved until Amtrak is compelled to accept responsibility for its share of the passenger service operation and exerts pressure on Conrail to do the same.

-Chronic malfunctions of obsolete conventional coach equipment and motive power including E8 and E9 diesel-electric locomotives and FL-9 electric locomotives plague the on-time performance of the "Niagara Rainbow" (NYC-Albany-Buffalo-

CHART 1



Detroit) and the "Lake Shore Limited" (NYC/Boston-Albany-Buffalo-Chicago) It is the Department's position that the "Niagara Rainbow" as well as the "Adirondack" should be reequipped with new Amfleet equipment (see Amfleet issue) as soon as possible. This would certainly have a positive impact on the performance of these trains. Similarly, the Department must press Amtrak to reequip the "Lake Shore Limited" with Amfleet and converted sleeping cars (in May of 1977 Amtrak's Board approved a \$2.75 million project to convert conventional sleepers to be compatible with Amfleet. The former Budd stainless steel cars are earmarked for Amtrak overnight services currently being operated with Amfleet including the Panama Limited and the James Whitcomb Riley).

#### CHRONOLOGY OF RELATED EVENTS

<u>Date</u>	<u>Event</u>
May 5, 1977	Shiatte to Gordon Letter opposing proposed June, 1977 fare increase - poor on-time performance was cited and the need for improvements in lieu of fare increases was stressed.
June 14, 1977	NYS DOT/Amtrak meeting in Albany to discuss general rail passenger service issues. Department stressed need for increased on-time performance
June 28, 1977	Cartin to Graham follow-up letter to June 14, 1977 meeting - reiterates need for increased on-time performance.
August 2, 1977	Hennessy to Reistrup letter regarding editorial on poor quality of Amtrak Service - reiterates need for increased on-time performance.
August 3, 1977	Cartin/Lombardi meeting in Washington - Amtrak again pressed for improvements to on-time performance
August 23, 1977	Cartin to Lombardi letter opposing proposed October, 1977 fare increases and recommending that increase be postponed until on-time performance improves.

## FARES

BACKGROUND

In federal fiscal year 1977 Amtrak adopted a fare increase policy aimed at recovering inflationary cost increases twice a year. The amount of fare increase is generally set at approximately 75% of the increase in the Consumer Price Index for services. Beginning this October, Amtrak plans to regularly place fare increases into effect coincident with the October and April schedule changes necessitated by the changes in daylight savings time.

In June, 1977 Amtrak increased Empire Service fares 10% - a 3% general increase to counter inflation and a 7% surcharge aimed at recovering the additional losses (estimated at \$15 million) sustained by Amtrak during the severe 1976-1977 winter. The following table illustrates the magnitude of this increase for select Empire Service city pairs.

**EMPIRE SERVICE FARE INCREASES**  
JUNE 1977

<u>CITY PAIR</u>	<u>ONE-WAY COACH FARE PRIOR TO June 12, 1977</u>	<u>ONE-WAY COACH FARE EFFECTIVE June 12, 1977</u>	<u>INCREASE</u>
NYC-Albany	\$10.00	\$11.00	\$1.00
NYC-Utica	17.00	19.00	2.00
NYC-Syracuse	20.00	22.00	2.00
NYC-Rochester	25.50	27.50	2.00
NYC-Buffalo	29.00	31.00	2.00

This month, Amtrak's Board of Directors approved a 2½% fare increase for Empire Service and a 5% fare increase for the "Adirondack" to become effective at the October 30, 1977 schedule change.

AMTRAK'S POSITION

Under Amtrak's enabling legislation (Rail Passenger Service Act of 1970, as amended), the states have no veto power on fares, routes or service (Section 306(c)) on Amtrak's basic system. The recently enacted Stevenson Amendment does however establish Amtrak and the States as 50-50 partners in deciding matters which are likely to have a significant effect on scheduling, marketing (fares and ticketing) or operation of 403(b) trains. The states (National Conference of State Railway Officials) and Amtrak are currently negotiating a standardized 403(b) contract which will reflect the Stevenson Amendment and will provide the states with veto power on fares, scheduling and marketing only in connection with 403(b) services.



Amtrak did solicit the Department's comments on the June, 1977 and the forthcoming October, 1977 Empire Service fare increases. Although the Department objected to both increases, our arguments did not prevail and the fare increases were approved by Amtrak's Board. In each instance, it has been Amtrak's position that they must act in a manner that will enhance their ability to increase revenues and reduce losses. Amtrak contends that fares should not be tied to train performance.

#### NYSDOT'S POSITION

The Department, in taking exception to both the June, 1977 and the October, 1977 fare increases, has argued that continuing fare increases coupled with virtually no on-time performance (see on-time performance issue) will erode rail passenger service patronage in New York State. Furthermore, at the June 14, 1977 Amtrak meeting in Albany and again in a August 23, 1977 letter to Amtrak opposing the October, 1977 fare increase, the Department urged Amtrak to postpone further fare increases until satisfactory on-time performance is achieved and to pursue a strategy of fare reductions to counteract passenger inconvenience stemming from poor schedule reliability.

#### CHRONOLOGY OF RELATED EVENTS

<u>Date</u>	<u>Event</u>
March 17, 1977	Gordon (Amtrak State Affairs) to Shiatte letter announcing proposed June fare increase.
April 13, 1977	Gall (Amtrak Marketing) to Shiatte letter detailing basis of proposed June fare increase.
May 5, 1977	Shiatte to Gordon letter opposing proposed June fare increase and recommending a more intense marketing campaign and improved quality of service in lieu of fare increases.
June 12, 1977	Amtrak places fare increases into effect.
June 14, 1977	NYSDOT/Amtrak meeting in Albany to discuss general rail passenger service issues - Department recommends fare reductions until on-time performance improves. Amtrak takes recommendation under advisement.
June 28, 1977	Cartin to Graham (Amtrak Service Planning) follow-up letter to June 14, 1977 meeting - reiterates need for fare reductions.
August 2, 1977	Hennessey to Reistrup letter regarding editorial on poor quality of Amtrak service - reiterates need to reduce fares and requests response to June 14, 1977 Cartin letter to Amtrak.

<u>Date</u>	<u>Event</u>
August 3, 1977	Cartin/Lombardi (Amtrak State and Local Services) meeting in Washington - Lombardi rejects fare reduction recommendation and states that Amtrak's policy is to increase fares and at the same time improve on-time performance. Amtrak also presents proposal for October, 1977 fare increase.
August 5, 1977	Lombardi to Cartin letter requesting written comments on proposed October 30, 1977 fare increase.
August 23, 1977	Cartin to Lombardi letter opposing proposed October, 1977 fare increase and recommending that increase be postponed and fares reduced until on-time performance improves.
September 8, 1977	Lombardi/Cartin phone conversation - despite NYSDOT objections, Amtrak Board approves October, 1977 fare increase.

## SCHEDULE REDUCTIONS

BACKGROUND

Since Amtrak assumed operation of passenger service in May, 1971, Empire Service running times between New York City and Buffalo have increased by over an hour. Table 2 outlines the erosion of Empire Service running times on the NYC-Albany, Albany-Syracuse, and Syracuse-Buffalo segments.

AMTRAK'S POSITION

Amtrak's position on this issue is unclear. The final say for schedule reductions in the Empire Corridor rests with Conrail. On one hand, Amtrak maintains that they have pressed Conrail for schedule reductions and have been unsuccessful. On the other hand, Amtrak argues that it is their unwritten policy to reduce scheduled running times only after on-time performance has reached 90%.

NYSDOT'S POSITION

On the basis of the large investments by MTA, USRA, Conrail and NYSDOT in Empire Corridor track improvements in recent years (See Table 3) and historic rail passenger service schedules, the Department is convinced that schedule reductions of up to 1 hour between New York City and Buffalo can be implemented now. The Department's proposal for Fall, 1977 schedule reductions is outlined in Table 4.

CHRONOLOGY OF RELATED EVENTS

<u>Date</u>	<u>Event</u>
June 14, 1977	NYSDOT/Amtrak meeting in Albany to discuss general rail passenger service issues. Department pressed Amtrak for 20 minute reduction South of Albany, and 50 minute reduction west of Albany. Amtrak opposes on basis of poor on-time performance and delays due to trackwork.
June 28, 1977	Cartin to Graham follow up letter to June 14, 1977 meeting - emphasized need for schedule reductions.
August 2, 1977	Hennessy to Reistrup letter regarding editorial on poor quality of Amtrak service-need for schedule reductions emphasized.
August 3, 1977	Cartin/Lombardi meeting in Washington - Amtrak again pressed for schedule reductions. Amtrak opposes on basis of poor on-time performance and delays due to trackwork.
August 25, 1977	NYSDOT/Conrail/Amtrak meeting in New York City - Department presses Amtrak and Conrail for 1 hour Empire Service reduction (See Table 1). Conrail adamantly opposes reductions due to delays caused by on-going trackwork and is reluctant to increase track speeds to 79 mph.

TABLE 2  
HISTORY OF EMPIRE SERVICE RUNNING TIMES

STATION PAIRS	STATION TO STATION RUNNING TIMES <sup>a</sup>						
	OCTOBER 1968 <sup>b</sup>	JULY 1969 <sup>b</sup>	MAY 1971 <sup>c</sup>	JULY 1971 <sup>d</sup>	APRIL 1972 <sup>e</sup>	AUGUST 1973 <sup>e</sup>	FEBRUARY 1977 <sup>f</sup>
NYC - Croton	55m	52m	52m	52m	57m	57m	50m
Croton - Poughkeepsie	35m	38m	38m	38m	43m	43m	48m
Poughkeepsie - Rhinecliff	15m	15m	15m	15m	15m	15m	15m
Rhinecliff - Hudson	20m	20m	20m	20m	22m	22m	27m
Hudson - Albany	35m	35m	35m	35m	33m	33m	40m
TOTAL NYC - Albany	2h 40m	2h 40m	2h 40m	2h 40m	2h 50m	2h 50m	3h 00m
Albany - Colonie	25m	20m	20m	21m	19m	19m	24m
Colonie - Amsterdam	15m	25m		27m	37m	37m	37m
Amsterdam - Utica	50m	50m	1h 15m	1h 02m	1h 02m	1h 03m	1h 03m
Utica - Rome	15m	15m		16m	16m	16m	16m
Rome - Syracuse	35m	35m	55m	51m	32m	43m	35m
SUBTOTAL Albany - Syracuse	2h 20m	2h 25m	2h 30m	2h 57m	2h 46m	2h 58m	2h 55m
TOTAL NYC - Syracuse	5h 00m	5h 05m	5h 10m	5h 37m	5h 36m	5h 48m	5h 55m
Syracuse - Rochester	1h 20m	1h 15m	1h 10m	1h 16m	1h 29m	1h 33m	1h 33m
Rochester - Buffalo	1h 10m	1h 10m	1h 10m	1h 17m	1h 15m	1h 15m	1h 12m
SUBTOTAL Syracuse - Buffalo	2h 30m	2h 25m	2h 20m	2h 33m	2h 44m	2h 48m	2h 45m
TOTAL NYC - Buffalo	7h 30m	7h 30m	7h 30m	8h 10m	8h 20m	8h 36m	8h 40m

a. Includes station dwell.

b. 5 NYC-Buffalo trains, 3 NYC-Albany trains.

c. 3 NYC-Buffalo trains, 4 NYC-Albany trains.

d. 4 NYC-Buffalo trains, 3 NYC-Albany trains.

e. 2 NYC-Buffalo trains, 1 NYC-Syracuse train, 2 NYC-Albany trains.

f. 3 NYC-Buffalo trains, 1 NYC-Syracuse train, 5 NYC-Albany trains.

TABLE 3

## EMPIRE CORRIDOR TRACK IMPROVEMENT PROJECTS SINCE 1974\*

<u>PROJECT DESCRIPTION</u>	<u>DATE OF PROJECT</u>	<u>PROJECT COST</u>	<u>PROJECT SPONSOR</u>
Utica-Buffalo Track Rehab. (Rehabilitate Interlockings)	1974-1975	\$1,300,000	NYSDOT
Albany-Buffalo Track Rehab. (Rehabilitate Interlockings)	1975-1977	5,400,000	NYSDOT
New York City-Buffalo Track Rehabilitation (Rail, ties, surfacing)	1975-1976	6,800,000	USRA
New York City-Buffalo Track Rehabilitation (Rail, ties, surfacing)	1976-1977	Not Available	Conrail
Poughkeepsie-Schenectady High Speed Rail Program (Rail, ties, surfacing, cab signals)	1977-1980	34,000,000	NYSDOT

\*Does not include annual MTA maintenance programs between New York City and Poughkeepsie.

TABLE 4  
PROPOSED FALL 1977 SCHEDULE REDUCTIONS

<b>NYC-Albany Segment</b>	
Remove Slow Orders placed into effect 2/15/77	15 min.(1)
Improved track conditions from 1977 HSR Program	5 min.
Decrease Schedule South of Foughkeepsie	10 min.(2)
Subtotal - NYC-Albany:	<u>30 min.</u>
<b>Albany-Syracuse Segment</b>	
Increase track speed to 79 MPH (See Table 5)	15 min.(3)
Subtotal - Albany-Syracuse:	<u>15 min.</u>
<b>Syracuse-Buffalo Segment</b>	
Increase track speed to 79 MPH (See Table 6)	15 min.(4)
Subtotal - Syracuse-Buffalo:	<u>15 min.</u>
<b>Total - NYC-Buffalo:</b>	<b><u>60 min.</u></b>

**Notes:**

- (1) NYC-Albany schedule was increased 10 minutes on 2/15/77 as follows:

NYC-Croton	.0 min.	
Engine change Croton	~5 min.	
Croton-Poughkeepsie	+3 min.	15 minutes to accommodate
Poughkeepsie-Rhinecliff	+5 min.	track work.
Hudson-Albany	+7 min.	
Total:	<u>+10 min.</u>	

- (2) Southbound trains during week of 8/1/77-8/6/77 made up an average of 8 minutes, high of 12 minutes and mode of 10 minutes between Croton-Harmon and CCT. This occurred for 44/46 or 96% of the trains. At that time, from 4:02 pm August 1 thru 4:01 August 4, Bulletin Order No. 7-873 reduced speeds on commuter territory North of Spuyten Duyvil (DV) to accommodate installation of CWR on Track #1 and ties on Track #3.
- (3) October 1968 Albany-Syracuse running time was 135 minutes. This schedule is duplicated as follows:

Current Albany-Syracuse running time	165 min.
Less time for increased track speeds	15 min.
Less time for routing through downtown Schenectady	15 min.
Less time for increased superelevation	3 min.
	<u>132 min.</u>

- (4) May 1971 Syracuse-Buffalo running time was 135 minutes. This schedule is duplicated as follows:

Current Syracuse-Buffalo running time	160 min.
Less time for increased track speeds	15 min.
Less time for increased superelevation	2 min.
Less time for improvement of poor track adjacent to Rochester and Buffalo yards	8 min.
	<u>135 min.</u>

TABLE 5  
PASSENGER TRAIN RUNNING TIMES  
MOHAWK - HUDSON DIVISION  
ALBANY - SYRACUSE  
MAXIMUM TRACK SPEED = 79 MILES PER HOUR

SEGMENT (MILEPOSTS)	SEGMENT LENGTH (MILES)	CURVATURE LIMITING SPEED TO LESS THAN 79 MPH	LIMITS OF CURVE (MILEPOSTS)	MAXIMUM SPEED ON CURVE WITH 4" SUPERELEVATION (MPH)	AVERAGE SEGMENT SPEED (MPH)	TIME OVER SEGMENT (MINUTES)
142.1 - 169.9	29.0*	-	-	-	39.7	42.0
169.9 - 171.9	2.0	-	-	-	79.0	1.5
171.9 - 173.6	1.7	2°00'	172.7-172.8	71	72.9	1.4
173.6 - 174.9	1.3	-	-	-	79.0	1.0
174.9 - 177.6	2.7	-	-	-	52.3	3.1
177.6 (Amsterdam)	-	-	-	-	-	2.0
177.6 - 184.0	6.4	3°22'	181.5-182.2	54	52.6	7.3
184.0 - 190.2	6.2	-	-	-	79.0	4.7
190.2 - 194.7	4.5	4°00'	192.2-192.7	50	67.5	4.0
194.7 - 197.2	2.5	-	-	-	79.0	1.9
197.2 - 200.5	3.3	2°17'	198.2-199.5	67	73.3	2.7
200.5 - 204.5	4.0	-	-	-	79.0	3.0
204.5 - 206.8	2.3	2°03'	205.4-205.9	69	72.6	1.9
206.8 - 210.4	3.6	-	-	-	79.0	2.7
210.4 - 212.4	2.0	2°06'	211.3-211.5	69	75.0	1.6
212.4 - 214.6	2.2	-	-	-	79.0	1.7
214.6 - 218.5	3.9	3°07'	216.3-216.8	56	66.9	3.5
218.5 - 220.0	1.5	1°50'	-	-	79.0	1.1
220.0 - 221.2	1.2	-	220.5-220.7	74	75.8	1.0

TABLE 5  
PASSENGER TRAIN RUNNING TIMES  
MOHAWK - HUDSON DIVISION  
ALBANY - SYRACUSE  
MAXIMUM TRACK SPEED - 79 MILES PER HOUR  
(CONTINUED)

SEGMENT (MILEPOSTS)	SEGMENT LENGTH (MILES)	CURVATURE LIMITING SPEED TO LESS THAN 79 MPH	LIMITS OF CURVE (MILEPOSTS)	MAXIMUM SPEED ON CURVE WITH 4" SUPERELEVATION (MPH)	AVERAGE SEGMENT SPEED (MPH)	TIME OVER SEGMENT (MINUTES)
221.2 - 224.4	3.2	-	-	-	79.0	2.4
224.4 - 225.8	1.4	1050'	224.9-225.3	74	76.4	1.1
225.8 - 234.8	9.0	-	-	-	79.0	6.8
234.8 - 237.5	2.7	-	-	-	52.3	3.1
237.5 (Utica)	-	-	-	-	-	2.0
237.5 - 240.2	2.7	-	-	-	52.3	3.1
240.2 - 241.9	1.7	-	-	-	79.0	1.4
241.9 - 243.7	1.8	2000'	242.7-242.9	71	72.0	1.5
243.7 - 248.6	4.9	-	-	-	79.0	3.7
248.6 - 251.3	2.7	-	-	-	52.3	3.1
251.3 (Rome)	-	-	-	-	-	2.0
251.3 - 254.0	2.7	-	-	-	52.3	3.1
254.0 - 262.8	28.8	-	-	-	79.0	21.9
262.8 - 265.5	2.7	-	-	-	52.3	3.1
265.5 (Syracuse)	-	-	-	-	-	5.0
Total Distance	144.6	-	-	-	-	147 Minutes
ALBANY - SYRACUSE TIME (not including Syracuse Stop)						2 Minutes
ADDITIVE FOR 2 CROSSOVERS *						149 Minutes
TOTAL ALBANY - SYRACUSE TIME *						165 Minutes
EXISTING ALBANY - SYRACUSE SCHEDULE *						165 Minutes

\* Route via Carman cutoff is approximately 1.2 miles longer than route via downtown Schenectady.



TABLE 6  
PASSENGER TRAIN RUNNING TIMES  
BUFFALO DIVISION  
SYRACUSE - BUFFALO  
MAXIMUM TRACK SPEED - 79 MILES PER HOUR

SEGMENT (MILES)	SEGMENT LENGTH (MILES)	CURVATURE LIMITING SPEED TO LESS THAN 79 MPH	LIMITS OF CURVE (MILEPOSTS)	MAXIMUM SPEED ON CURVE WITH 4" SUPERELEVATION (MPH)	AVERAGE SEGMENT SPEED (MPH)	TIME OVER SEGMENT (MINUTES)
255.5 - 285.6	0.1	-	-	-	15.0	0.4
285.6 - 286.3	0.7	-	-	-	30.0	1.4
286.3 - 286.5	0.2	-	-	-	35.0	0.4
286.5 - 293.5	7.0	-	-	-	40.0	10.5
293.5 - 295.8	2.3	-	-	-	60.0	2.3
295.8 - 326.5	30.7	-	-	-	79.0	23.3
326.5 - 335.3	8.8	3000'	328.1-333.7	58	61.4	8.6
335.3 - 337.0	1.7	-	-	-	79.0	1.3
337.0 - 341.2	4.2	2012'	338.0-340.2	67	70.0	3.6
341.2 - 344.0	2.8	-	-	-	79.0	2.1
344.0 - 348.2	4.2	1050'	344.5-347.7	74	74.1	3.4
348.2 - 349.0	0.8	-	-	-	79.0	0.6
349.0 - 351.6	2.6	2010'	350.0-350.6	68	70.9	2.2
351.6 - 359.6	8.0	-	-	-	79.0	6.1
359.6 - 361.9	2.3	2012'	360.6-360.9	67	72.6	1.9
361.9 - 365.5	3.6	-	-	-	79.0	2.7
365.5 - 368.0	2.5	-	-	-	57.7	2.6
368.0 - 370.9	2.9	-	-	-	30.0	5.8
370.9 - 371.0	0.1	-	-	-	15.0	0.4
371.0 (Locust)	-	-	-	-	-	4.0
371.0 - 371.1	0.1	-	-	-	15.0	0.4
371.1 - 373.0	1.9	-	-	-	30.0	3.8
373.0 - 375.5	2.5	-	-	-	57.7	2.6
375.5 - 427.2	51.7	-	-	-	79.0	39.3
427.2 - 429.7	2.5	-	-	-	57.7	2.6
429.7 - 437.9	8.2	-	-	-	30.0	14.4
437.9 - 438.0	0.1	-	-	-	15.0	0.4
TOTAL DISTANCE	132.5					
			SYRACUSE-BUFFALO TIME			147 Minutes
			ADDITIVE FOR 2 CROSSOVERS			2 Minutes
			TOTAL SYRACUSE-BUFFALO TIME			149 Minutes
			EXISTING SYRACUSE-BUFFALO SCHEDULE			170 Minutes (conventior)
						165 Minutes (turbo)

## AMFLEET EQUIPMENT

BACKGROUND

When the Department embarked on its High Speed Rail Program in September of 1975, Commissioner Schuler and Paul Reistrup arrived at a basic understanding that this Department would be responsible for track improvements and Amtrak would provide new equipment as needed. This understanding became a commitment in February, 1977 when Commissioner Schuler and Paul Reistrup executed a Letter of Intent for Empire Service Improvements including the replacement of conventional equipment by Amtrak on the "Adirondack" and the "Niagara Rainbow" with new Amfleet equipment no later than Fall, 1977. It is now a certainty that "technical problems" will preclude Amtrak from honoring their commitment this Fall.

Unlike conventional equipment which has steam heat and axle-driven generators on each car to power lights, air conditioning and other "hotel" services, Amfleet cars require electric power from a generator located outside the cars and generally in the locomotive (known as head end power) to operate lights, heating and air conditioning. Amtrak has purchased two types of diesel-electric locomotives for use with Amfleet - the SDP40F (speeds with this locomotive are currently restricted as a result of the locomotive's susceptibility to derailments) and the F40PH. These locomotives cannot be operated into Grand Central Station since overhead clearances in the tunnel are not sufficient to accommodate either locomotive and the weight of the SDP40F may be too great for the Park Avenue Viaduct. Therefore, in order to move Amfleet equipment into and out of Grand Central the diesel-electric locomotive must be left at Croton-Harmon and an electric locomotive (currently FL-9) used between Croton-Harmon and Grand Central. Since the FL-9 does not have a head end power generator, a generator car must be fabricated for use with Amfleet south of Croton-Harmon. Design details of the SDP40F and F40PH are depicted in Diagram 1 and Diagram 2 respectively.

AMTRAK'S POSITION

Amtrak claims that they are currently working on a power car and are making arrangements with the MTA to conduct tests in electrified territory south of Croton-Harmon, hopefully this Fall. Successful completion of these tests may enable the initiation of Amfleet Service next Spring.

NYSDDT'S POSITION

It is the Department's position that Amfleet equipment must be pressed into service as soon as possible for the following reasons:

- replacement of worn out conventional equipment on the "Niagara Rainbow" will eliminate a significant number of delays related to equipment failures, improve on-time performance and enhance passenger acceptance of the service.
- assignment of Amfleet to the "Adirondack" is necessary to accommodate peak passenger demands which cannot be handled by the inflexible Turboliner consist without adding an additional train. In addition, Amfleeting both the "Niagara Rainbow" and the "Adirondack" will

allow the more desirable early morning "Adirondack" departure from Grand Central Terminal.

The Department must continue to exert pressure on Amtrak to implement Amfleet Service at the earliest possible date.

#### CHRONOLOGY OF RELATED EVENTS

<u>Date</u>	<u>Event</u>
April 18, 1977	Reistrup to Schuler letter announcing postponement of Amfleet service planned for Fall of 1977.
May 18, 1977	Schuler to Reistrup letter urging a quick solution to Amfleet head end power problem.
June 14, 1977	NYSDOT/Amtrak meeting in Albany to discuss general rail passenger service issues. Amtrak explained technical problems associated with Amfleet operation in electrified territory and Department emphasized need for a quick solution.
June 28, 1977	Cartin to Graham follow-up letter to June 14, 1977 meeting urging solution to Amfleet problem by Fall 1977 schedule change.
August 2, 1977	Hennessy to Reistrup letter regarding editorial on poor quality of Amtrak service - notes that Amtrak will probably not be able to live up to Fall 1977 commitment for Amfleet.
August 3, 1977	Cartin/Lombardi meeting in Washington - Amtrak again pressed for timely resolution of Amfleet head end power problem.
August 25, 1977	NYSDOT/Conrail/Amtrak meeting in New York City - Amtrak announces that arrangements are being made with MTA to test power car.

## DIAGRAM 1

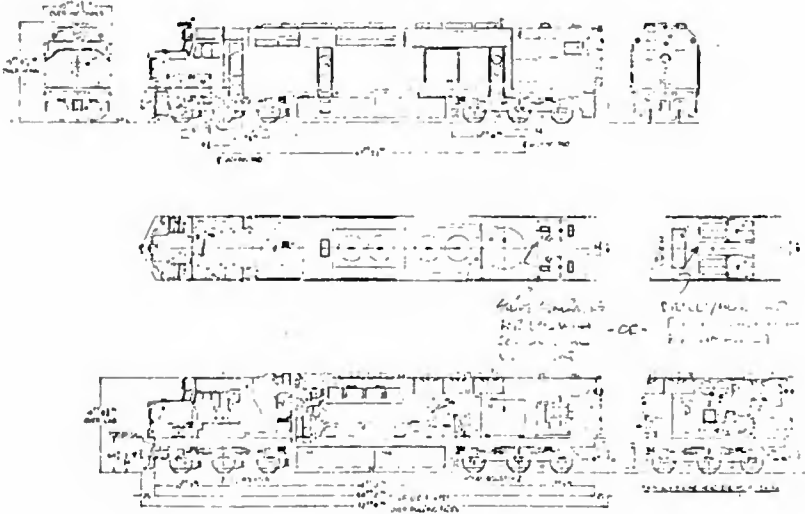
## MODEL SDP40F - 3000 HP PASSENGER LOCOMOTIVE

- |  |  |   |
|--|--|---|
| 1. ENGINE - 19 445E2<br>2. GENERATOR ALTERNATOR AR18<br>3. AUXILIARY GENERATOR 18 KW<br>4. GENERATOR-ALTERNATOR BLOWER<br>5. TRACTION MOTOR BLOWER<br>6. ELECTRICAL CONTROL CABINET<br>7. EXHAUST SILENCER<br>8. BATTERIES - MS420<br>9. SAND BOX - CAB END 28 CU. FT.<br>10. SAND BOX - WOOD END 28 CU. FT.<br>11. ENGINEERS CONTROL STAND-A.A.R.<br>12. CAB SEAT<br>13. ELECTRICAL CABINET AIR FILTER<br>14. INERTIAL CARBOXY FILTERS<br>15. ENGINE AIR FILTERS-PAPER<br>16. FIRE EXTINGUISHER<br>17. WATER COOLER<br>18. SNOW PLOW PILOT<br>19. HORN - 5 CHIME<br>20. DYNAMIC BRAKES<br>21. COOLING FANS<br>22. RADIATORS | 23. AIR COMPRESSOR - WBO<br>24. LUBE OIL FILTER<br>25. LUBE OIL COOLER<br>26. ENGINE WATER TANK<br>27. TRACTION MOTOR AIR DUCT<br>28. TRUCK - HTC<br>29. TRACTION MOTOR - 077<br>30. COUPLER - 1VPE F<br>31. DRAFT GEAR - MS 390<br>32. STEAM GENERATOR-2500F - VAPOR DR 4425<br>33. DECK WATER TANK 1500 OAL BOILER WATER<br>34. COMB. FUEL WATER TANK (384 7500 GAL. FUEL 340 - 2000 GAL. BOILER WATER)<br>35. ENGINE ROOM CROSSOVER<br>36. ENGINE ROOM PARTITION<br>37. NUMBER BOX<br>38. HEADLIGHT<br>39. JACKING PADS<br>40. OSCILLATING LIGHT<br>41. LARGE OIL PAN | 42. BELL<br>43. TIDLEY<br>44. LUBE OIL STRAINER<br>45. CAB HEATER - HOT WATER<br>46. CAB HEATER - ELECTRIC STRIP<br>47. INERTIAL FILTER PLECO AIR DISCHARGE<br>48. STEAM GENERATOR COMPARTMENT VENTILATING AIR<br>49. MAINTENANCE DOOR - BOTH SIDES<br>50. PERSONNEL DOOR<br>51. BATTERY ACCESS<br>52. AIR BRAKE EQUIPMENT ACCESS<br>53. SAND TRAP ACCESS |
|--|--|---|

## MODIFICATION

## NOTE:

LOCOMOTIVE HEIGHT TOLERANCE  $\pm 1\frac{1}{2}$  IN.  
 LOCOMOTIVE WIDTH TOLERANCE  $\pm 1\frac{1}{2}$  IN.  
 TRUCK LATERAL AT BOLTS HS  $\pm 1\frac{1}{2}$  IN. NOM.  
 Locomotive is shown including basic variable bogies and in new condition handling still with level and tangent track.



NOVEMBER 1972

Electro Motive Division  
La Grange, Illinois

# MODEL F40PH-3000 HP DIESEL-ELECTRIC PASSENGER LOCOMOTIVE



LEGEND

1. Engine Room
2. Generator Room
3. Transformer Room
4. Control Room
5. Cab
6. Fuel Tank
7. Water Tank
8. Air Intake
9. Exhaust
10. Cooling Fan
11. Radiator
12. Air Filter
13. Air Cleaner
14. Air Separator
15. Air Drier
16. Air Heater
17. Air Cooler
18. Air Fan
19. Air Motor
20. Air Valve
21. Air Switch
22. Air Relay
23. Air Lock
24. Air Seal

DIAGRAM 2

LEGEND

1. Fuel Tank
2. Water Tank
3. Air Intake
4. Exhaust
5. Cooling Fan
6. Radiator
7. Air Filter
8. Air Cleaner
9. Air Separator
10. Air Drier
11. Air Heater
12. Air Cooler
13. Air Fan
14. Air Motor
15. Air Valve
16. Air Switch
17. Air Relay
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## NEW ALBANY OR SYRACUSE TO BUFFALO TRAIN

BACKGROUND

in the February, 1977 Schuler - Raistrup Letter of Intent, Amtrak agreed to extend additional service from Albany or Syracuse to Buffalo at the Spring, 1977 schedule change. Due to budgetary restraints stemming from the severe winter of 1976-1977, Amtrak postponed the Spring Inauguration of the additional service and provided assurance that every effort would be exerted to institute the new train as soon as possible, hopefully no later than the Fall, 1977 schedule change. Since that time, Amtrak has taken the position that their tight financial condition dictates termination and curtailment of certain Empire Service trains in order to offset additional train miles associated with the new Albany - Buffalo train. In short, Amtrak is talking about a mere rearrangement of Empire Service instead of additional service. The following is a summary of service patterns proposed by Amtrak and the Department in connection with the new Albany - Buffalo train:

EMPIRE SERVICE SCHEDULE PROPOSALS  
ASSOCIATED WITH ADDITIONAL ALBANY OR SYRACUSE TO BUFFALO TRAIN

DATE OF PROPOSAL	AUTHOR	ELEMENTS OF PROPOSAL	INCREASE IN WEEKLY TRAIN MILES	
February, 1977	NYSDOT/Amtrak (Schuler-Raistrup Letter of Intent)	Additional Albany-Buffalo train	4,158	(daily service)
		or,	2,970	(M-F service)
		Additional Syracuse-Buffalo train	2,030	(daily service)
			1,450	(M-F service)
August 3, 1977	Amtrak	*add M-F Albany-Buffalo train		
		*terminate Albany-Syracuse segment of #62/#65		
		*terminate #77, #78	940	
August 8, 1977	NYSDOT	*add M-F Albany-Buffalo train		
		*terminate #71, #76	1,560	
August 24, 1977	Amtrak	*add M-F Albany-Buffalo train -		
		*terminate one round trip on Albany - Syracuse segment of #62/#65		
		*terminate #71, #76, #77, #78		
		*terminate #75 one day per week	424	
		*increase frequency of #70 from 5 to 6 days per week		
Sept. 2, 1977	NYSDOT	*add M-F Albany-Buffalo train		
		*terminate #71, #76, #77, #78		
		*increase frequency of #70 from 5 to 7 days per week	996	

AMTRAK'S POSITION

Amtrak will not accept the Department's September 2, 1977 schedule proposal on the basis that it is inconsistent with their current policy to conserve train miles in New York State. Amtrak has even suggested that in view of the proposed 424 additional train miles, the Department should consider itself a "preferred customer" since service curtailments are being placed into effect across the nation. Moreover, Amtrak has indicated that there is no longer time for further negotiation and their August 24, 1977 proposal will become effective this October.

NYSDOT'S POSITION

It has been the Department's position that Amtrak should comply with the Letter of Intent and add a new Albany-Buffalo train to Empire Service without an attendant reduction in existing service. NYSDOT should be a "preferred customer" in view of the many benefits flowing to Amtrak as a result of the State's progressive rail passenger service program. When it became apparent that Amtrak could not be persuaded to add the new train without significant service curtailments elsewhere in the Corridor, the Department adopted the position that the status quo should prevail.

CHRONOLOGY OF RELATED EVENTS

<u>Date</u>	<u>Event</u>
February, 1977	Schuler-Reistrup Letter of Intent - Amtrak agrees to provide additional train.
June 14, 1977	NYSDOT/Amtrak meeting in Albany to discuss general rail passenger service issues - Amtrak suggests that their forthcoming proposal for the new train may not include additional train miles.
June 28, 1977	Cartin to Graham follow-up letter to June 14, 1977 meeting - confirms Amtrak's commitment to submit a proposal for the new train by mid-July, 1977.
August 2, 1977	Hennessy to Reistrup letter regarding editorial on poor quality of Amtrak Service - expresses fear that Amtrak may not implement new train as planned.
August 3, 1977	Cartin/Lombardi meeting in Washington - Amtrak proposes new Albany-Buffalo train and reduction of other Empire Service trains for net increase in weekly train miles of 940.
August 8, 1977	Cartin/Lombardi phone conversation - Amtrak is advised that August 3, 1977 proposal is unworkable with equipment currently assigned to Empire Service. Department proposes schedule pattern with 1,560 additional train miles per week.

<u>Date</u>	<u>Event</u>
August 24, 1977	Lombardi/Cartin phone conversation - Amtrak rejects NYSDOT's August 8, 1977 proposal and presents a revised proposal for the new train which includes only 424 additional train miles per week.
September 2, 1977	Cartin to Lombardi letter rejecting Amtrak's August 24, 1977 proposal and proposing a schedule pattern for 996 additional train miles per week.
September 7, 1977	Lombardi/Cartin phone conversation - Amtrak rejects NYSDOT's September 2, 1977 proposal, Department suggests that status quo may now be best alternative; Amtrak indicates that negotiating time has run out and their August 24, 1977 proposal will prevail.



Mr. ROONEY. Thank you very much, Commissioner. The questions I would ask you, I will ask our star witness, who happens to be here today, Mr. Paul Reistrup. You are not quite satisfied with Amtrak; you are totally dissatisfied, by hearing your comments today, but you have no alternative to suggest what Amtrak should do?

Mr. HENNESSY. No, Mr. Chairman. I do not, at this time.

Mr. ROONEY. Mr. Florio?

Mr. FLORIO. One or two questions. Is the procedure in the 4R Act for the Operations Review Panel to mediate disputes between Amtrak and State or local governments? Have you had occasion to call into play this provision in any of the difficulties you have outlined today?

Mr. HENNESSY. The Panel is for the Northeast corridor, and I don't think we have ever used that; have we, Mr. Rossi?

Mr. ROSSI. That is limited to the Northeast corridor. I would envision that we will be using it as Amtrak's program moves ahead in the Northeast corridor, but there is not a similar provision for other services.

Mr. FLORIO. The trains that you are running, how have they been impacted upon by the proposed cutbacks, or how will they be impacted upon, in terms of scheduling? Was there a thought to scheduling trains you operate in accordance with the Amtrak scheduling so as to be able to make connections?

Mr. HENNESSY. The scheduled cutback right now is in the Northeast corridor, through New York City only, Mr. Florio.

Mr. FLORIO. So, in fact, there is no impact on other train connection schedules?

Mr. HENNESSY. We have not estimated what impact that will be yet. I am not sure there will be any impact from the initial cutback at this time. It is in the New York City area only, and it is a pass-through impact.

Mr. ROSSI. We have learned, from the Buffalo newspapers, that, if an additional train is added in upstate New York, several other trains between New York City and Albany will be eliminated entirely.

Trains from New York to Syracuse would be cut back in part. The service to Montreal will lose its first-class services. We are not exactly sure what cutbacks will occur. Schedules are being printed, we understand. We only have some staff information, what we can find out on our own. We do not know what they propose, and they should, at this point, avoid making any cutbacks while a track investment, State-financed, is underway. It will harm the traffic growth we are trying to have occur.

Mr. MURPHY. Will the gentleman yield at that point?

Mr. FLORIO. [Nodding affirmatively.]

Mr. MURPHY. Are you familiar with a joint letter of intent signed in early February 1977 by your predecessor, Ray Schuler, then New York State Commissioner of Transportation, and Mr. Reistrup, as president of the National Railroad Passenger Corporation?

Mr. HENNESSY. Yes, I am.

Mr. MURPHY. As I read that document, it asserts that New York State would, in reliance of Amtrak's pledge of increased and improved service in the Empire corridor, undertake to spend in excess of \$30 million in New York State funds for track and signal improvements to the area.

New York has, in fact, committed these valuable resources to the task of upgrading these facilities.

Mr. HENNESSY. That is correct.

Mr. MURPHY. Was that the actual statement of fact at that time?

Mr. HENNESSY. Yes.

Mr. MURPHY. How do you reconcile Amtrak's pledge in the joint letter of intent with recent reports we have on cutbacks and service reductions and the failure of you to get the cooperation or even a meeting with Amtrak?

Mr. HENNESSY. I cannot reconcile that, Mr. Congressman. We have received correspondence from Amtrak saying that budgetary restraints, the bad winter—are reasons they have given for not providing the service.

I acknowledged those reasons. They are there but the fact is that we have not received the services that we have been promised.

Mr. ROONEY. I think we will make those letters a part of the record at this point.

Mr. MURPHY. I have a few more documents for the record, too.

Mr. ROONEY. Without objection.

[The following material was received for the record:]

NATIONAL RAILROAD PASSENGER CORP.,  
Washington, D.C., April 18, 1977.

Hon. RAYMOND T. SCHULER,  
Commissioner, New York State Department of Transportation, Albany, N.Y.

DEAR RAY: The Letter of Intent which you and I signed in early February was executed without envisioning two very significant problems. The availability of equipment for Empire Service has been hampered by the lack of third rail powered locomotives which are compatible with Amfleet. Our Operations Support Department is working to overcome the engineering and procurement difficulties which are slowing the development of converted head-end power.

Amtrak's budgetary restraints have become much more severe during the last few weeks. This winter's extreme weather has cost us over \$14 million in maintenance, repairs and lost revenues. Coupled with the continuing inflationary pressure, our available funds for service improvements are very limited.

These situations have forced us to temporarily defer the type of expansion both Amtrak and the State of New York would like to see in the Empire Service. Amtrak is simply unable, at this time, to start the additional round trip between Syracuse or Albany and Buffalo we had planned for this Spring. I give you my personal assurance that Amtrak will make every effort our resources will allow to institute the new train as soon as possible, hopefully no later than the fall schedule change.

The progressive passenger rail program the New York Department of Transportation has embarked on is a national model. The continued cooperation between our two agencies will guarantee the citizens of New York 21st-century style rail transportation before the end of the decade. I appreciate your understanding of Amtrak's present situation which forces us to delay the new service to Buffalo.

Sincerely,

PAUL REISTRUP,  
President.

MAY 18, 1977.

Mr. PAUL REISTRUP,  
President, National Railroad Passenger Corp., Washington, D.C.

DEAR Mr. REISTRUP: This is to acknowledge receipt of your letter of April 18, 1977 in which you present the problems that are now precluding Amtrak from initiating the expansion of New York State's Empire Service as set forth in the Letter of Intent which you and I executed in February. At that time I did not

envision that budgetary restraints or the unavailability of locomotives with head-end power and third rail capability would delay these vital service improvements.

I am concerned over the temporary postponement of the additional round trip between Albany or Syracuse and Buffalo which Amtrak had agreed to initiate with Amfleet equipment at last month's Spring schedule change. Since the train will not be operated in third rail territory, the current lack of third rail-powered locomotives compatible with Amfleet equipment should not be a problem. I hope that this service, which is a significant factor in providing visibility to our rail program, will be instituted as soon as possible.

The head-end power problem must be solved as quickly as possible if the remaining conventional trains are to be replaced with Amfleet this Fall. If the necessary third rail power conversions cannot be accomplished in time for the Fall schedule change, Amfleet equipment can still be assigned to the Empire Corridor and the "Adirondack" if FL 9 locomotives and baggage cars, converted to provide head-end power, are used in third rail territory south of Croton-Harmon.

The Fall target date for the initiation of Amfleet service on the "Adirondack" must be met without exception. Ridership increases on this train since the commencement of Turboliner service in March are very encouraging. Unfortunately, the inflexibility of the Turboliner consist has resulted in critical standee problems and the need to run double sections on occasion. Amfleet equipment must be assigned to the "Adirondack" without delay to enable efficient accommodation of the large fluctuations in daily ridership.

I will soon forward you a copy of our agreement with Conrail for the \$34 Million High Speed Rail Track and Signal Improvement Program between Poughkeepsie and Schenectady. This Program represents a significant step toward the achievement of first rate high speed rail passenger service in New York State. Preservation of the momentum which our rail program has achieved is dependent upon Amtrak's timely initiation of the service improvements envisioned in the Letter of Intent.

Sincerely,

RAYMOND T. SCHULER,  
*Commissioner.*

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LETTER OF INTENT BETWEEN DEPARTMENT OF TRANSPORTATION, STATE OF NEW YORK, AND THE NATIONAL RAILROAD PASSENGER CORPORATION (AMTRAK)

This Letter of Intent between the Department of Transportation of the State of New York (New York DOT) and the National Railroad Passenger Corporation (Amtrak) describes the substance and principles under which rail passenger service, named "The Adirondack", will be continued between New York, New York and Montreal, Quebec, by the National Railroad Passenger Corporation.

New York agrees to the use of Turboliners on the "Adirondack" with departure from New York City not later than 10:30 a.m. as an interim arrangement until appropriate Amfleet equipment is available and is scheduled into use on this route.

Amtrak agrees to schedule the departure of the "Adirondack" from New York City, no later than 9:30 a.m., commencing not later than the October 1977 schedule change when Amfleet equipment is available. If Amfleet equipment becomes available before the October 1977 schedule change, it will be substituted for the conventional equipment on the "Niagara Rainbow".

Amtrak agrees to offer employment to all Delaware & Hudson food service and passenger train maintenance equipment personnel who may be affected by the change in operation and/or equipment of the "Adirondack" between New York and Montreal including those Delaware & Hudson employees affected thereby who cannot be transferred by Delaware & Hudson without affecting other Delaware & Hudson employees, unless such employees choose otherwise by exercising their rights under present labor agreements.

Amtrak agrees to inspect the fleet of lightweight cars now in use on the "Adirondack" which are owned by the Delaware & Hudson Railway Company. Amtrak will purchase or lease, at its option, those lightweight cars which are suitable, in its judgment, for its use. Prior to this inspection, Amtrak will be provided the specifications on these lightweight cars and the depreciated value of each car,

including improvements, which value will be the basis for negotiation of a purchase or lease. Amtrak will make its best effort to assist in the sale of such equipment that Amtrak does not purchase or lease.

An Amdinette will be provided on this run when Amfleet equipment is introduced.

Amtrak agrees to conduct a survey of Colonie Station to determine its usage pattern and characteristics of users prior to completion of the new Schenectady Station. The survey is to be used to determine whether this is a duplication of users between the two stations as a basis for a decision on continued use of the Colonie Station.

New York State agrees to the provision of premium fare service on the "Adirondack" and other 403(b) services. It is understood that New York State will not be charged with any incremental cost associated with providing a premium fare service nor will New York State receive any credit for the incremental service which is over and above the regular fare received.

On scheduled trains in excess of 300 miles, Amtrak agrees to make provision for enroute light clean-up and removal of trash. It is understood that this will not increase on-board service crews.

Amtrak agrees to provide space for the accommodation of bulky personal items, such as skis, golf bags, back packs and other similar items at no expense to rail patrons.

Amtrak agrees to study, and if economically feasible, to implement equipment modification that will reduce fuel consumption of the Turboliners.

Amtrak agrees to join New York State immediately in a direct approach to the U.S. Customs Service, Department of the Treasury, and the Immigration and Naturalization Service, U.S. Department of Justice to obtain on-board customs and immigration inspections.

Amtrak agrees to provide promotion and advertisement for said service at least equal to that provided for any other Amtrak routes.

Amtrak agrees to extend additional service from Syracuse to Buffalo and/or Albany to Buffalo at the Spring 1977 schedule change. It is understood that this service may have to be provided with conventional equipment until Amfleet or Turboliners are available for this service extension.

RAYMOND T. SCHULER,  
*Commissioner, New York State*  
*Department of Transportation.*  
PAUL H. REISTRUP,  
*President, National Railroad*  
*Passenger Corporation.*

Dated: February 4, 1977.

Mr. MURPHY. Why the reluctance on the part of Amtrak to meet with the Commission of the State of New York?

Mr. HENNESSY. Ask Mr. Reistrup that. I think he would be delighted to meet with me if we both got together on our schedules. I am a new Commissioner; I have only been there since June. Perhaps, he has not had time to see me or I haven't gotten together with him on a decent schedule with which we can deal. I will honor him with the privilege of answering the question.

Perhaps I have not done all I should have done in getting together.

Mr. MURPHY. I thank my colleague for yielding.

Mr. FLORIO. Thank you, Mr. Chairman.

Mr. ROONEY. Mr. Madigan?

Mr. MADIGAN. Mr. Chairman, I have no questions of this witness. I do have the responsibility now to be in another subcommittee where I have to offer an amendment. I will immediately come back. If I am not back in time, I did have some questions for Mr. Reistrup, which I would like to make a part of the record.

Mr. ROONEY. Thank you. One further observation, Mr. Hennessy. You say you are satisfied with the service you have been receiving in New York State from ConRail; is that correct?

Mr. HENNESSY. Generally speaking, yes.

Mr. ROONEY. I was delighted to learn that. Your predecessor was dissatisfied.

Mr. HENNESSY. We have come a long way with ConRail. I think one of the reasons for it is we deal with ConRail on a day-to-day basis. We work right together with them on capital projects and improvements. It is such a horrendous task that they have and we have; together we can pull these things off and I think that is where we are failing with Amtrak more than any other—there just does not seem to be any relationship between Amtrak and the States.

Mr. ROONEY. Thank you very much. I am very pleased to hear that about ConRail. Thank you for your testimony, Mr. Hennessy.

Our next witness will be one of our distinguished colleagues, Mr. Glenn M. Anderson.

#### **STATEMENT OF HON. GLENN M. ANDERSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA**

Mr. ANDERSON. Mr. Chairman, members of the committee, I thank you for allowing me the opportunity to address your committee today on a subject of great personal interest.

As you know, I am deeply committed to improving transportation and as the ranking member of our Surface Transportation Committee and chairman of our Aviation Committee, I find myself able to take an active part in formulating our future transportation policy.

I am also privileged to serve on the National Transportation Policy Study Commission, which as you know, is a group of Representatives, Senators, and Presidential appointees whose task it is to develop a comprehensive policy that this Nation may choose to follow that will improve all modes of transportation in this country.

It is one of these modes that is the subject and reason for my appearing before you today. I'm quite pleased that I am able to present my views prior to your receiving the testimony of the president of Amtrak, Mr. Reistrup.

I firmly believe that there is a growing need for alternative transportation systems, particularly service which will aid and assist the peak travel hour commuter.

I believe that institutional commuter rail service between Los Angeles, Orange, and San Diego Counties during the rush hours will be of tremendous benefit to the citizens of southern California.

I am equally sure that my constituents will use this service for trips to and from their places of employment. This commuter service would assist us in conserving energy, reducing congestion on our freeways, reducing smog, and aiding us in planning for future transportation systems in southern California.

We are fortunate to have with us today a gentleman, to my left, who more than anybody else in Los Angeles County, is aware of a most unfortunate situation that involves Amtrak. It seems that more and more often we Members of this Congress are using the word "unfortunate" when referring to service provided by Amtrak.

Gentlemen of the committee, may I introduce Doug Ring, Doug is deputy to Los Angeles County Supervisor Baxter Ward. As you may

know, Los Angeles County has five supervisors and each represent about four times as many people as we Congressmen serve.

Doug will now relate to you in detail the problem that confronts the county of Los Angeles. I would hope that you will see fit to ask President Reistrup why he has taken such a "hard line" refusal to assist the county.

I understand that Mr. Reistrup is going to relate to the members his success story that will place my area of southern California as a model and justification for his request for additional funds. I would urge my colleagues on this committee to first get satisfactory answers for his refusal to institute service when the country has already laid out over \$2 million to purchase the rail cars necessary for such service.

I regret that I cannot stay to hear Mr. Reistrup's comments, but I have been chairing my own hearings on my airline deregulation bill, and I must ask the committee's permission to return to this matter as soon as possible.

I would first like to introduce Doug Ring, from Los Angeles County Supervisor Baxter Ward's staff. Doug, will you take over from here?

Mr. ROONEY. Thank you very much, Mr. Chairman for your fine statement. I am aware of your contribution to solving the transportation problems of this country in your position as chairman of the Aviation Subcommittee and ranking member on Surface Transportation of Public Works.

I often think that you, serving as chairman of this committee, and myself as chairman of the bankrupt railroads Transportation and Commerce—why we cannot get together—when we reorganized Congress in 1974, I got solid waste and bankrupt railroads. I feel as though I'm Johnny on the spot.

But I do think that we ought to have a Transportation Committee, whether you be chairman or I. I do think that you and myself, and some of the other fragmented committees that have other modes of transportation, should sit down sometime and make this proposal, perhaps in the 96th Congress, if we are both here.

Mr. ANDERSON. I suppose that is why they appointed both of us to the National Transportation Policy Study Commission, knowing that you come from one area and I another. On transportation, of course, we do work very closely on the Commission together. As a matter of fact, we have a full day meeting tomorrow.

Mr. ROONEY. I do appreciate your very fine contribution.

Mr. ANDERSON. Take good care of Doug here.

Mr. ROONEY. I shall.

Mr. ANDERSON. Thank you very much.

Mr. ROONEY. Don't deregulate too much this afternoon.

You may proceed, Mr. Ring.

#### **STATEMENT OF DOUGLAS RING, DEPUTY SUPERVISOR, BOARD OF SUPERVISORS, COUNTY OF LOS ANGELES**

Mr. RING. Thank you very much. Mr. Chairman, on behalf of Los Angeles County, Supervisor Baxter Ward, and of course myself, I would like to thank the members of this committee for giving me this opportunity to share with you our experience with Amtrak. I

believe we hold the honor of having purchased the most expensive, unused train ride in the history of Amtrak.

The southern California area has a greater dependence on the automobile than any other section of the United States. The Los Angeles to San Diego corridor represents 50 million interregional trips annually. That area, Los Angeles to San Diego, in fact, is the second most heavily used corridor in the Nation. Second only to the Boston/New York/Washington zone.

Despite numerous efforts to develop rapid transit facilities to date, we remain tied to our freeways and our cars. Against this backdrop, prompted by the 1974 oil embargo, the county of Los Angeles decided that it was time to experiment with rail transportation. A decision was made to seek peak hour Amtrak service from San Bernardino, Santa Barbara, and Santa Ana into downtown Los Angeles.

At the outset, Amtrak advised us that we should arrange for our financing first and then consult with Washington about scheduling the trains with whatever money we could provide. Money was budgeted in June 1974, and Supervisor Baxter Ward arranged a meeting with then Amtrak President Roger Lewis for August 14, 1974.

Mr. Lewis advised, at that meeting, that because of legal restrictions, Amtrak could only operate between terminal cities. He implied that service from San Bernardino, for example, would have to originate in Chicago, almost 2 days earlier. Service for Santa Barbara and our San Fernando Valley would have to start in either Seattle or San Francisco. However, Amtrak President Roger Lewis chose one service as ideal for a Los Angeles starter line—Los Angeles to San Diego.

Mr. Lewis told Mr. Ward that Amtrak would schedule for Los Angeles County as many round-trips daily as Los Angeles County could finance, provided that Los Angeles would buy the equipment for each individual train. He also stated that this service could operate only if Los Angeles were prepared to spend the necessary money to haul the trains 70 miles beyond our chosen terminal point, beyond Santa Ana—all the way to San Diego.

Supervisor Ward questioned Mr. Lewis closely as to Amtrak's legal authority to order the service through the Santa Fe Railroad. Mr. Lewis stressed in his reply that Amtrak's authority to order service between Los Angeles and San Diego was without question.

Present at that August meeting was David Watts, an assistant to Mr. Lewis, who was directed to assume the role of liaison between Amtrak and Los Angeles County—to help develop schedules, to assist in locating cars for refurbishing, and to assist in the refurbishing efforts. President Lewis warned Mr. Ward that the delivery of new Amtrak passenger cars would not be possible in the foreseeable future and that, in fact, Amtrak and the county would become almost competitors in seeking used equipment for restoration to Amtrak standards.

Eight rail cars were located and purchased. It was under Amtrak's guidance that a consultant was hired. It was under Amtrak's guidance that specifications for the refurbishment were developed. It was under Amtrak's inspection and monitoring that the refurbishing took place.

The county also determined that the trains be not merely mechanically acceptable but that they be refurbished to a standard of excellence which would lure Californians from their cars to the trains. We were insistent that the refurbished cars be superior to Amtrak's finest equipment. The cost of that purchase and refurbishing was \$2.1 million.

Throughout the course of the reconstruction, the county maintained continuing contact with Amtrak to guarantee that when the trains were ready schedules could be printed and the service begun.

After considerable delay, the first cars were delivered in early 1976. Amtrak had requested 6 weeks notice to permit internal adjustments and a reprinting of schedules. The county notified Amtrak of our readiness and a target date of April 28 was set.

We later discovered that schedules were never printed—Santa Fe had unofficially met with Amtrak and advised them that they would not run the trains.

Our dispute was submitted to arbitration in June 1976, and following further delays the arbitration panel met in December of 1976. I personally attended the session and was shocked to learn that on the very eve of the arbitration, the new Amtrak President Paul Reistrup had actively considered abandoning both the county train and the arbitration all in order to avoid any conflict with Santa Fe. This Amtrak vacillation had been communicated directly to members of the arbitration panel and was duly noted by them during this proceeding.

Amtrak lost the arbitration.

Since the arbitration, the county of Los Angeles, together with Orange and San Diego Counties, filed suit before the California Public Utilities Commission, seeking this service. Positions of endorsement and support of our efforts have been received and filed with the commission from almost every city along the line as well as numerous State legislators and Members of Congress.

During the arbitration proceeding, Santa Fe's attorney attempted to convince the Panel that arbitration was not necessary because the California Public Utilities Commission could order the service. Now that we are before the Public Utilities Commission, Santa Fe is arguing that Amtrak, alone, has the authority to run the service.

Santa Fe has repeatedly stated that, if ordered to run the train by the California Public Utilities Commission, Santa Fe will litigate that order in every available court in the land. Santa Fe is fully prepared to wind up back here in Washington before the U.S. Supreme Court.

We feel that the public in southern California deserves better than what may ultimately be 10 years of litigation.

It was with the hopes of shortcutting lengthy litigation that our attorneys, the attorneys for the California Department of Transportation, and Amtrak's attorneys once again began to discuss the legalities. We all became convinced that some minor modifications to the original proposal would make the service legally possible and permit immediate institution of the train.

In August of this year, California's senior U.S. Senator, Alan Cranston, arranged for a meeting among Amtrak's President, Mr.



Reistrup, the deputy director of the California Department of Transportation, Larry Doms, and myself in Washington.

Supervisor Ward advised me that the county would not pay for the trip unless Mr. Reistrup would be present. He was particularly insistent because Mr. Reistrup had committed himself to a meeting together with Supervisor Ward in 1975. At that time, when Mr. Ward arrived in Washington for the meeting, Mr. Reistrup refused to appear. Mr. Ward was only permitted to speak with other officials at the agency.

I, of course, was able to assure the supervisor that the meeting had been arranged.

When I arrived at Amtrak for the meeting, Mr. Reistrup's participation had been canceled. During that meeting, after it had been determined that yes, the train could be legally operated, I then asked Amtrak representatives if they could consider moving forward. The Amtrak officials stated that they were unwilling to operate the county train, be it legally permissible or not. I asked them if, hypothetically, Los Angeles or the State was willing to pay 100 percent of the costs if, then, Amtrak would consider operation—presumptively at a profit. The answer was no. Not even at a profit would Amtrak operate the service.

Frankly, the county is at a loss to explain Amtrak's behavior in this entire series of events. I do realize that many times when local governments appear here in Washington, it is with hat in hand in hopes of getting additional Federal dollars. This is not the case today.

When we first began, the funding formula was two-thirds local money and one-third Amtrak money. We were prepared to assume that burden.

When we first began, Amtrak claimed to have insufficient cars and we were both prepared to spend and did spend \$2.1 million on purchasing and refurbishing those cars.

We received calls, letters, and commitments from cities along the entire run promising both help with operating schedules as well as firm commitments for major station renovation—all out of their own local budgets. The city of Anaheim was prepared to build a multi-million dollar rail facility.

The bus companies in each of the counties not only reserved money but made plans to restructure their schedules and their routes to insure that arriving passengers would have the necessary connecting transportation.

The California State Legislature passed several special pieces of legislation including a \$2,000,000 track improvement bill out of California funds for the Los Angeles/San Diego Corridor. The local and State cash commitments came to almost \$10,000,000. Amtrak knew of each of these commitments and the excitement and enthusiasm of California officials.

I am not here today, Mr. Chairman, seeking the great fleets of trains which operate in the Mid-West or in the Boston to Washington corridor or in the South. I only hope that Congress can achieve what we have failed to achieve.

To give to southern California the same measure of cooperation as should be reasonably expected from any other Federal agency which our tax dollars help support.

Los Angeles believes that when we, or any other local government, come to Washington, we are entitled to be dealt with with honesty, with candor, and with integrity, elements that have been woefully absent in this instance. We believed a promise from Amtrak's president should be binding on Amtrak, even when the person holding that office changes.

We ask little more than that Amtrak be required to honor its commitment of August 14, 1974—that is, to operate a train bought and paid for by the County of Los Angeles, at their behest and with Amtrak's encouragement and support. Thank you.

Mr. ROONEY. Thank you, Mr. Ring. The bell have rung and there is a vote, so we will take a 10-minute intermission.

[Brief recess.]

Mr. ROONEY. One of our colleagues has just arrived. He was detained downtown at an agriculture meeting. I will ask Congressman Jenrette to proceed with his statement.

#### **STATEMENT OF HON. JOHN W. JENRETTE, JR., A REPRESENTATIVE IN CONGRESS FROM THE STATE OF SOUTH CAROLINA**

Mr. JENRETTE. Thank you, Mr. Chairman. I apologize to Mr. Ring and the committee for not being here earlier. I appreciate the opportunity, Mr. Chairman, to come today to express my concern about several facets of Amtrak's operation.

As I stated in my yet unanswered letter of September 7, 1977, to Amtrak president, Paul Reistrup, it appears to me that a reduction of service from daily to quad-weekly on trains 89 and 90, The Palmetto, running through South Carolina, can only damage the economics of this route.

The criteria used for evaluating which lines were to receive a reduction in service are of great interest to me. Ridership figures for the first year of operation for The Palmetto show a 23-percent increase comparing the June 1977 figures with those of the period 1 year earlier. If daily service had been maintained, a 23-percent improvement over that earlier may have been reasonable to expect. However, we all realize that nondaily service suffers a disproportionate decrease in ridership due to the service being perceived by the public as not dependable. Reductions of such service such as for The Palmetto have the ironic effect of increasing Amtrak's deficit per passenger mile. The president of Amtrak has stated this as a fact.

In addition, many stations have found their rail service severely limited by this form of discontinuance. Florence, Dillon, and Kingstree, S.C., of the district I represent, are three of these stations. Daily service provides a viable and increasingly patronized transportation service to these communities in a way that anything less cannot. This fact will again take its toll on Amtrak's efforts to develop a daylight coach market in this region.

It is my belief that Amtrak has confused their priorities regarding service reductions and the use of postal contracts to bring additional revenues to routes operating at a loss.

In the case of The Palmetto, due to nondaily service, Amtrak has had to forfeit a \$17,000 per annum mail contract. However, it is my understanding that this particular train could realize as much as \$100,000 per annum in potential postal revenue. It appears to me that Amtrak should place very high priority on increasing mail contracts to achieve this potential before considering any reduction in service.

Amtrak is today asking Congress for a supplemental appropriation in excess of \$50 million. I have a projection made by Amtrak on March 1, 1976, stating "Existing resources have a potential of \$13 million. The basic Amtrak system would realize \$24 million, but would exceed consist limits of certain trains. Second sections would be required. Additional cars would be needed, 120 cars at \$90,000 each, today's experience." Therefore, it appears with a one-time equipment purchase, Amtrak could sizably increase its revenue in this area.

I have suggested a study by Seaboard Coastline Railroad to give mail revenue figures for the train, The Everglades, which followed a schedule similar to The Palmetto and the Chessic System which is providing postal figures for B. & O.'s Metropolitan which followed the schedule of the present Shenandoah. Both studies are for comparative purposes and will be made available to this subcommittee.

In conclusion, I would be greatly interested in knowing the criteria used in determining the reduction of service on The Palmetto, a train which appeared to be very successful with increasing the patronage.

Mr. Chairman, we, in the Congress, subsidize Amtrak; we subsidize the Postal Service. Now, through their independent position, it appears like the song that says Do It My Way, but in this instance, doing it my way is a double cost to the American taxpayer. To cut out a daily train, thus losing a mail contract, makes no sense to me when it means that we, in the Congress, and the American taxpayers, have to increase the subsidy to the Postal Service by the increased utilization of tracks and energy carrying mail to the same places that the trains formerly ran.

Should we not make this subsidized Amtrak service, and the subsidized Postal Service do a joint study before it is too late to determine what is best for the taxpayers of America?

Therefore, I would like to recommend, Mr. Chairman, that this very fine committee undertake or mandate, through the Postal Service, if within your jurisdiction, and certainly through Amtrak, a study to determine what help mail contracts could be and that Amtrak leadership put an emphasis on this as a potential revenue service.

I appreciate the opportunity of appearing before this subcommittee. I know you will do what is best for the American taxpayer. If our office can be of any assistance, let us know and I will submit the documents that we have asked for from the SCL and Chessie System to the subcommittee for your information.

Mr. ROONEY. We are very happy to receive that information. Thank you for the fine statement. I know that you are concerned about this problem. You have talked to me before about it. The thing I cannot

understand is, in your opening statement, you say you wrote a letter to Mr. Reistrup on September 7 and thus far you have not received a reply?

Mr. JENRETTE. He might have sent it, by Postal Service and that might be the reason. But we have not received a response.

Mr. ROONEY. Have you followed up on the letter?

Mr. JENRETTE. We followed up on the 7th of October.

Mr. ROONEY. And you still have not had a response?

Mr. JENRETTE. No.

Mr. ROONEY. Mr. Reistrup is here today, and I will get him to answer some of the questions you brought out in your testimony. Mr. Florio?

Mr. FLORIO. I have no further questions.

Mr. ROONEY. Mr. Santini?

Mr. SANTINI. A good statement.

Mr. ROONEY. Mr. Murphy?

Mr. MURPHY. Mr. Jenrette, we appreciate your comments.

Mr. JENRETTE. I apologize also to Mr. Ring for interrupting him. Thank you.

#### STATEMENT OF DOUGLAS RING—Resumed

Mr. ROONEY. Mr. Ring, I am frankly amazed by the testimony you have given today. During the last year, since Amtrak lost the arbitration, have they given you any reasons why your train should not be used?

Mr. RING. We have had a series of attempted justifications for not using the train. They first went through a lengthy explanation of some technical changes they hope to make 1 year or so down the line. We suggested, at that point, that they operate the train for 6 months to see if it would work, and if ultimately Congress came through with enough money to upgrade everything coming into Los Angeles to electric, we would be happy to pull our train out of service.

I have been assured, during the break, that Mr. Reistrup is going to attempt to convince you that the train cannot be legally run. That is one which has been raised on numerous occasions and I think fairly adequately put to bed.

Santa Fe, in a deposition, all of 1 week ago, conceded that any train operating between Los Angeles and San Diego is, by definition, intercity and not commuter. That was their executive vice president. I assume he does speak for the corporation.

Mr. ROONEY. Amtrak claims their increase in ridership and the L.A.-San Diego run is the result of a new AM fleet equipment. Do you agree with that statement?

Mr. RING. I am not sure that I really do, sir. There is a desperate desire for alternate modes of transportation in southern California. The freeways that run parallel with that route are as close to full capacity as they can get.

We are advised, within the next 5 years, they will reach maximum operating capacity. My personal instinctive feeling is that boxcars on that run, with bench seats in them, probably would carry passengers. We do know a substantial portion of their ridership are not really the people that I understand Amtrak was set up to serve.

I think it is wonderful there are Boy Scouts groups going to San Diego to visit the zoo. It was my understanding it was set up to, if you will, in part, lure people out of other modes of transportation back on the rail.

Mr. ROONEY. Do you actually think Amtrak never intended to undertake the additional service along this corridor?

Mr. RING. I just do not know. We have been dealt with in, what I consider, to be a phenomenally shoddy manner. It seems reasonable but I am desperately reassured by the fact that even Congressmen cannot get answers to phone calls. It makes me feel better because we do not get answers to phone calls and letters and promised meetings do not occur, and so forth. At least we are in a majority and not a minority.

Mr. ROONEY. Mr. Florio?

Mr. FLORIO. I have no questions other than to make the observation, perhaps using your position as a Los Angeles County deputy supervisor; I would make a comment that I was in Los Angeles not too long ago and had occasion to ride the Amtrak train operated by Southern Pacific from Los Angeles to San Francisco on a 12-hour trip.

It cost \$1 more than a plane ride from the same area that would have taken 2 hours. I use you as an opportunity to put that into the record. I thought it was an enlightening experience.

Mr. ROONEY. Mr. Madigan?

Mr. MADIGAN. No questions.

Mr. ROONEY. Mr. Santini?

Mr. SANTINI. By way of offsetting encouragement, I would suggest that, as one member of this committee who has had past communications with Mr. Reistrup, I feel more encouraged than some. They have returned my calls.

Be thankful you do not have to deal with the BLM. They have failed to communicate with me in a similar fashion. That is the Bureau of Land Management about which Los Angeles County will never have to worry. I will just set a positive note on the communication problem that exists for all of us.

Mr. ROONEY. Mr. Murphy?

Mr. MURPHY. No questions.

Mr. ROONEY. Thank you very much, Mr. Ring. Our next witness will be the Honorable Robert E. Gallamore, Deputy Administrator of the Federal Railroad Administration.

**STATEMENT OF HON. ROBERT E. GALLAMORE, DEPUTY ADMINISTRATOR, FEDERAL RAILROAD ADMINISTRATION, DEPARTMENT OF TRANSPORTATION, ACCOMPANIED BY CHARLES SWINBURN, ASSOCIATE ADMINISTRATOR, FEDERAL ASSISTANCE**

Mr. GALLAMORE. Mr. Chairman, with me today is Mr. Charles Swinburn who is the associate administrator for Federal Assistance of the Federal Railroad Administration. I have a very brief statement I would like to read and have entered into the record.

Mr. Chairman, and members of the committee, I appreciate the opportunity to appear before you today to discuss Amtrak. I understand that the primary concerns of the committee are the Amtrak budget and the reductions in frequency of service.

As you know, the Carter administration originally proposed on fiscal year 1978 operating appropriation for Amtrak of \$500 million and subsequently appealed the House mark of \$488.5 million. The conferees agreed to retain the House allowance, however, and the administration accepted that congressional decision in the context of funding constraints and overall Federal priorities. I believe that a consensus was reached between the Congress and the executive branch with respect to fiscal year 1978 funding, and further, that fiscal responsibility dictates that we attempt to hold the line for the present in Amtrak's budget.

We cannot allow the recent staggering increases in Amtrak's federally funded deficit to continue. Only 4 years ago we were looking at an annual operating subsidy for Amtrak of \$127.5 million. Today Amtrak is proposing a 1978 level of \$545 million, nearly 13 percent over the 1977 appropriation, a growth rate which, if allowed to continue, would produce a billion dollar operating subsidy by 1983.

The conference committee recognized that a fiscal year 1978 operating subsidy for Amtrak of \$488.5 million would not allow the Amtrak system to be operated in the same configuration and at the same level of service, as it has been in fiscal year 1977. Accordingly, the conference committee report accompanying the appropriation indicated that Amtrak should utilize the route and service criteria previously developed pursuant to congressional direction.

Unfortunately, despite repeated urgings by Department of Transportation representatives at Amtrak board meetings, route restructurings through application of the criteria have not been achieved on a timely basis. Accordingly, when Amtrak's management found itself entering the new fiscal year with a route structure that had not been reduced and could not be operated at previous levels of service within fiscal constraints, it pursued the only rational course left available and reduced train frequencies over a number of routes.

While we are unhappy that the frequency reductions had to take place and while we do not believe such reductions should be the major means of dealing with fiscal constraints, we recognize that the recent cuts had become a necessary measure. Further, recognizing that a different set of managers might have made some different decisions regarding individual trains, in general, it appears that Amtrak has done a reasonable job of implementing those service reductions in the face of budget limitations.

May I briefly depart from my text, Mr. Chairman, to indicate that the Secretary of Transportation, Mr. Brock Adams, does have a very strong personal relationship with Mr. Reistrup. He supports his management of Amtrak and believes that Mr. Reistrup has the ability to manage Amtrak within its resources.

To turn to the question of Amtrak's request for a fiscal year 1978 supplemental operating appropriations of \$56.5 million, we have, as you know, opposed that request before the Appropriations Committee by reason of the fiscal concerns which I cited earlier. We still believe that the \$500 million level of funding which we originally proposed in the President's budget submission would have provided an appropriate level of service across the entire Amtrak system if combined with judicious and prompt use of the route and service criteria.

Thank you, Mr. Chairman. I will be happy to answer any questions which you or members of the committee may have.

Mr. ROONEY. Thank you, Mr. Gallamore. Last year, your predecessor testified, I believe, to the effect that he did not believe the definition of a national passenger transportation system necessarily meant there had to be a connecting of the dots and went on to explain to this committee that a national system could be a series of corridor operations.

Do you share this opinion or do you have a different opinion?

Mr. GALLAMORE. I believe I disagree with our predecessors. We do believe in Amtrak being and remaining a national service. That would mean all of the dots were connected in one way or another. There may be some exceptions to that, although I cannot think of one right now; we do believe in a national system. We do not think it would be advisable to break down the service into discreet corridors.

Mr. ROONEY. To the extent that every fiscal year, Amtrak goes into deficit, do you feel Congress should bale them out?

Mr. GALLAMORE. No. My testimony strongly asserts a position in which we try to retain fiscal restraint for Amtrak, and in which we, the Department of Transportation, will work with Amtrak to establish a set of routes that can be funded within reasonable fiscal constraints which we will have to face.

Mr. ROONEY. Amtrak, of course, contends that those criteria cannot be used for a budget reduction. Do you believe this?

Mr. GALLAMORE. The route and service criteria are not for budget reductions, per se, but for restructuring of routes. That restructuring of routes should take into account the total resources available for the corporation. It is also true, I would say, that the route and service criteria were not established for the purpose of making frequency reductions as opposed to route changes or restructurings. So Mr. Reistrup is correct in his testimony (I have had a chance to see the draft) in proposing or suggesting that it is not proper to use the route and service criteria for the purpose of making frequency adjustments, per se, but rather for the purpose of restructuring a system. We believe that we are to participate with Amtrak in that undertaking.

Mr. ROONEY. Mr. Florio?

Mr. FLORIO. I notice in your statement that you talk about the Department of Transportation representatives at the Amtrak board meeting. What is the statutory authority for those representatives? Are they observers, participants? What is their role?

Mr. GALLAMORE. The Secretary of Transportation is a member of the Board of Amtrak by statute. The Deputy Secretary may sit in for him. Also, by delegation of the Secretary's authority, the Federal Railroad Administrator or his deputy, who I am, may participate and vote in Amtrak affairs.

Mr. FLORIO. Has the representative of the Department been at the meetings on a regular basis?

Mr. GALLAMORE. Yes. We are always present.

Mr. FLORIO. Yesterday's Wall Street Journal revealed to me, for the first time, that a 5-year plan has been put together which projects a number of things, not the least of which is a \$3,500 million deficit for operating subsidies through fiscal 1982. Is the Department privy to this information?

Mr. GALLAMORE. Earlier drafts of a 5-year report were presented to the Amtrak Board meeting. We did have access to those earlier drafts. We read them and considered them at a staff level. We participated in meetings at Amtrak in which the Amtrak staff discussed most of the contents of the major issues included in the 5-year plan.

Yesterday, however, was the first time I had a chance to see the final document.

Mr. FLORIO. Was that information presented to the Appropriations Committee at the time the supplemental appropriation was discussed?

Mr. GALLAMORE. I do not believe so.

Mr. SWINBURN. No.

Mr. GALLAMORE. I believe it was not.

Mr. FLORIO. You make reference to the fact that the \$500 million level of funding originally proposed in the total appropriation would have been sufficient, if combined with the prompt and judicious use of the route and service criteria. Is that the essence of your statement?

Mr. GALLAMORE. Yes.

Mr. FLORIO. Do you think there is any reason why this could not have been done?

Mr. GALLAMORE. We think the process of using the route and service criteria has gone too slowly. Perhaps if these criteria had been pursued more vigorously, certain routes could have been eliminated by now which would have reduced the need for this restructuring.

Mr. FLORIO. You also say that there is a rational basis for the selection of the routes that have been eliminated and services that have been deferred. Would you categorize that as an economic base?

Mr. GALLAMORE. I missed the beginning of your question, Mr. Florio.

Mr. FLORIO. You say somewhere in your testimony that you essentially agree with the managerial decision made and that there is a rational basis for the eliminations and other changes proposed. It was not done in accordance with the route and service criteria so I am asking you what is the rational basis? Is it, in fact, on the basis of economic loss that Amtrak has eliminated those routes losing the most money?

Mr. GALLAMORE. That is correct. Let me state again, my belief is the route and service criteria were designed for the purpose of making route restructuring decisions, additions or deletions of whole routes rather than adjustments in the frequency of trains, which is more within the managerial purview, directly for the management of Amtrak.

The route and service criteria were not utilized, it is my understanding, in preparing the specific set of frequency reductions that have been proposed. On the other hand, when those frequency reductions were proposed and were made available to us at the Department, we did an analysis of those and determined from that brief analysis, from our own data as well as data provided by Amtrak, that the proposals put forward were reasonable and rational, even though different managers may have done it differently.

Mr. FLORIO. All I am asking, and I will be happy to yield in a moment, is on what basis was service reduced on those trains losing money?



Mr. GALLAMORE. Our basis was primarily economic, without full consideration of some of the factors which would have been considered in full application of the route and service criteria.

Mr. FLORIO. I would be happy to yield to the chairman.

Mr. ROONEY. Do you believe we will have a national system when the reductions and discontinuances are in place?

Mr. GALLAMORE. Will we have a national system?

Mr. ROONEY. Yes.

Mr. GALLAMORE. Yes; I do believe we will.

Mr. ROONEY. You don't think this will have any adverse effect on the national system?

Mr. GALLAMORE. There will be less service provided, fewer people will ride.

Mr. ROONEY. Fewer people will ride? Today only 1 percent of the American people are traveling on Amtrak. How many fewer people can we have and Congress still provide these billions of dollars?

Mr. GALLAMORE. I believe that has to be taken in an intermodal context. There are other ways for many of these riders to get from here to there. We believe that any restructuring should result in a national system with a more cost effective set of routes and services, to be sure, but without denying opportunity of people to get from here to there.

Mr. ROONEY. Thank you.

Mr. FLORIO. I have no questions.

Mr. ROONEY. Mr. Madigan.

Mr. MADIGAN. Mr. Gallamore, what exactly is the relationship between the FRA and Amtrak?

Mr. GALLAMORE. As I mentioned, the Secretary is a member of the Amtrak Board. We are also—the Department of Transportation is also the Federal budgetary agent.

Mr. MADIGAN. I am not asking about the Department of Transportation; I am asking about the FRA.

Mr. GALLAMORE. The Department of Transportation has functions delegated to it, by statute, which are in turn delegated to the Federal Railroad Administration, which is—

Mr. MADIGAN. I am not talking about that. What is the relationship between FRA and Amtrak?

Mr. GALLAMORE. FRA does the staff work within the Department of Transportation in preparing departmental positions on issues that come before the Amtrak Board of Directors and does the staff work and carries the budgetary responsibility, the programmatic budget responsibility within the Department for Amtrak relations.

Mr. MADIGAN. Are you saying that Amtrak goes to DOT and DOT exercises some judgment as to whether or not that amount should be given or requested or something, a function like OMB?

Mr. GALLAMORE. Yes. My understanding is the budget is submitted by Amtrak approximately simultaneously to the Congress and to the Department of Transportation and the OMB.

Mr. MADIGAN. So then, all DOT does is comment, if they so choose, about the budget, but they actually exercise no authority over the amount of the request or how any of the budget would be apportioned, is that correct?

Mr. GALLAMORE. That is basically correct, but we have the firstline responsibility for analysis of Amtrak budget requests with respect to the development of an administration position on such things as a supplement request, or indeed, the original amount of the budget submission.

I would also say there is one other aspect in which we are involved. The Department is responsible for overall transportation policy, including overall resources to be devoted to various sectors of transportation, so we are not merely concerned about the level of Amtrak funding within, if you will, the total amount of resources.

Mr. MADIGAN. Secretary Colman indicated we could save a lot of money if we discontinued all the trains and give all the train passengers airplane tickets. I assume you do not agree with that?

Mr. GALLAMORE. That is correct. We do not agree with that. The Secretary is a very strong supporter of railway passenger service. He was the floor manager of the Rail Passenger Service Act as I recall. I, myself, was a lower level staff person who was one of the originators of the rail pass idea within the Department of Transportation.

Mr. MADIGAN. You say, in your statement, you do not believe reduction in frequency should be the means of dealing with fiscal restraints.

Mr. GALLAMORE. As an interim measure, we believe the Amtrak management acted responsibly in proposing the set of—

Mr. MADIGAN. Mr. Gallamore, you are on both sides of the question. You say you do not believe that should have been done but you think it was responsible.

Mr. GALLAMORE. As an interim measure, it was responsible; it had to be done. As a longer term solution, reductions in frequency simply will not foot the bill. It cannot provide enough savings to keep the Amtrak service national, efficient, and within the budget resources available to the corporation.

Mr. MADIGAN. What can do that?

Mr. GALLAMORE. It is a very difficult area. We think the restructuring itself, will do that, but we also believe the restructuring should not be done in the absence of consideration of productivity improvements, possible fare increases, and so on.

Mr. MADIGAN. Will we vote?

Mr. ROONEY. Yes. There is a noncontroversial amendment on the floor dealing with abortion, gentlemen.

We will take a 10-minute break.

[Brief recess.]

Mr. ROONEY. The gentleman from Illinois. I might say it is the decision of the Chair to rise at 5:00. Mr. Reistrup will not testify this afternoon. He will be our leadoff witness at 10 a.m. tomorrow morning.

Mr. MADIGAN. Mr. Gallamore, let me take a minute and try to clear up where we were. If I understand what you are saying, you are saying if the route and service criteria had been implemented on a broad scale, then the service reductions we are here to talk about would not have been necessary; is that correct?

Mr. GALLAMORE. Yes, that is our testimony. If the corporation had been successful in pursuing the route and service criteria so that it were known at the beginning of the fiscal year that a smaller number of routes would be served, then it would not have been necessary to make service frequency reductions.

The fact of coming up at the beginning of the fiscal year without the routes having been restructured was the instant cause for having to pursue the frequency reductions.

Mr. MADIGAN. Do I understand that in 9 months, only one actual line has been subjected to the route and service criteria?

Mr. GALLAMORE. Our information is that one line has now gone all the way through route and service criteria. That is the line from Chicago to Washington and Norfolk. A second line is now in task 5. We are ready to go for public comment, public hearings. That is the Chicago-Florida route, the "Floridian."

Our understanding is there are four other lines in the study base, so-called task 3, questioning if the economics of those lines can be improved.

Mr. MADIGAN. So your specific criticism, and I will summarize it and tell me if I have not done it correctly, is that more of these things could be done simultaneously and all of it could be concluded more rapidly?

Mr. GALLAMORE. Yes. We believe the route service criteria should be applied, not one line at a time necessarily, but perhaps on a regional basis or an across-the-board basis. It would speed up the process somewhat.

Mr. MADIGAN. Thank you very much, Mr. Chairman. I have no further questions.

Mr. ROONEY. Mr. Florio?

Mr. FLORIO. I have no questions.

Mr. ROONEY. Mr. Santini?

Mr. SANTINI. Thank you, Mr. Chairman. As we continue to grapple with the problems of Amtrak passenger service, it continues to remind and frustrate me that we are, so it seems again, dealing with a tangential aspect of a very large problem.

What we desperately need, if we are going to get any sense of direction and proportion on this problem, is to have a national transportation policy. We still fumble from year-to-year and grope with the unknown and future and hope to appease it with dollar contributions, but we are failing, in a large measure, to really come to grips with the problem of rail passenger service, of rail service, the future of the automobile as a means of people transportation.

Is there anything presently in the offing to formulate such a national transportation policy?

Mr. GALLAMORE. Let me say I fully agree with you, Mr. Santini. I think you are absolutely correct. There are a couple of things that are hopeful signs. One is Secretary Adams' hope to come to a uniform transportation count which we think will assist in making some of those tradeoffs between alternative modes of service and will be a major tenet of his national transportation policy as Secretary.

The second thing is I am more closely involved in is the so-called 504 and 901 studies, which were commissioned by the 4R Act, for which the Federal Railroad Administration now has the responsibility.

We will provide, at the end of January, under the present schedule, what I think will be one of the most detailed, thorough, and complete statements of the railroad industry, its problems, and some things that can be done about them. We will offer, not simply one set of conclusions, but options for public commentary over the next spring.

That, of course, is not an overall national transportation policy, but it will give us a much better handle on the railroad problem as a part of the national transportation system. Mr. Swinburn?

Mr. SWINBURN. If I may add, Secretary Adams stated last week that now that he is through the first stage of his tenure in office and has handled a lot of major specific and individual transportation problems, he feels he has cleared his desk enough to turn to exactly the kinds of concerns you have voiced and does intend to move toward coming up with a national transportation policy which reflects his, and this President's, viewpoints.

Mr. SANTINI. I am certainly encouraged to hear it and under his leadership, he could succeed where others, before him, have simply fulminated. I fully believe we will never be able to reach any rational legislating process until we can see things in the long range with balance and perspective.

I very much want to see a national people transportation system succeed in reliance on the railroads but the 1-percent ridability factor, the chairman so appropriately addresses, raises the inevitable questions of our constituents. Our constituents continue to raise, "What in the devil is going on? How can we be spending this much for so little?" It is a legitimate question. It involves a complex answer but they are going to have to come up with some of those answers and soon.

If we can point to a long range, hopeful, breaking even point, or light on the horizon, perhaps we can continue to be supportive in these areas, where we, as a collective entity, I think, the Congress, are becoming more and more reluctant to do so.

I happen to feel that rail transportation of people will be the solution of the energy crisis of the future but there is no cohesion. I know others share the concept but it does not seem to translate through in terms of the Commerce Department recognizing that you have a tourism industry involving \$62 billion, the second leading retail industry in this country. Four out of five people move in their tourism ambitions by motor vehicle.

Southern Nevada had 9.4 million people visit it, almost all by automobile. Certainly southern Nevada offers attractions that don't perhaps exist in other areas of the country but tourism is an economic and viable way of life.

To get the rail system adapted to a major people transportation system is a formidable challenge but the people who travel for tourist purposes are willing to spend the time. If they are willing to spend the time, it is a question of where they spend the dollars. They are spending them right now in highways, in their private automobiles.

We have to get that dollar, reinvest it in the railroads. The only way we will get that is some sort of national policy that provides a sense of direction and purpose. I am encouraged to hear that at least the preliminary thought is being evaluated and I am going to pursue, with particular interest, the followthrough and implementation.

Mr. GALLAMORE. We agree with you, Mr. Santini, and thank you for your support. I should add, the 504 and 901 studies are primarily, but not exclusively, directed to the freight industry, as I think you are aware.

I take it from your remarks, that we have to have a viable and on-going railroad freight system in order to be able to provide rail passenger service economically.

Mr. ROONEY. Will the gentleman yield?

Mr. SANTINI. Certainly.

Mr. ROONEY. The chairman of the Board of the Greyhound Corp., in a speech in Phoenix a couple of months ago, said, "Give him that \$488,000,000 and he will return a profit to the Treasury." Do you agree on that?

Mr. GALLAMORE. I simply don't know whether his numbers are correct or not. I do recognize there is a very substantial issue, Mr. Chairman, as to the competitive factor between Amtrak's service and Greyhound's service. I will defer to Mr. Reistrup on that but we are not unmindful of that consideration.

Mr. ROONEY. I might say, in response to the gentleman from Nevada's question about what we are doing about it, you did mention two areas in which the Secretary and others are doing something. We also have the National Transportation Policy Commission study, of which I am a member.

We certainly will try to come up with some kind of a viable solution to this great transportation problem in this country.

Mr. GALLAMORE. We have worked with the staff of your Commission.

Mr. ROONEY. Thank you very much. Our next and final witness for the afternoon, will be the Honorable A. Daniel O'Neal, Chairman, Interstate Commerce Commission. We welcome you to the committee. You may proceed.

I might say, I want to thank you and the Commission for the very fine cooperation you have given my committee. You are to be commended.

**STATEMENT OF HON. A. DANIEL O'NEAL, CHAIRMAN, INTERSTATE COMMERCE COMMISSION, ACCOMPANIED BY JOHN P. WALSH, CHIEF, PASSENGER SERVICE BRANCH, BUREAU OF OPERATIONS**

Mr. O'NEAL. Thank you very much. With me here is Mr. John P. Walsh, Chief of the Passenger Service Branch, Bureau of Operations at the Commission, who may be helpful in answering specific questions that might come up.

I am, of course, pleased to be here and to have this opportunity to express the views of the Interstate Commerce Commission on the matter of reduction of services by Amtrak. We have a longer statement.

Mr. ROONEY. Without objection, it will become a part of the record, and you may summarize. [See p. 58.]

Mr. O'NEAL. I will go through the shorter statement here. First, let me give you an overview of the Commission's regulatory jurisdiction over Amtrak, then I will describe some of our efforts to improve services of Amtrak and we will conclude with some thoughts on why, in our opinion, Amtrak may have chosen to save money by cutting costs in the ways it has.

The Commission's jurisdiction over Amtrak comes from the Rail Passenger Service Act of 1970, which created Amtrak. That act re-

lieved Amtrak from those provisions of the Interstate Commerce Act relating to rate regulation, abandonment, or extension of lines and routes in service—that is, the quantity of service.

With the passage of the Amtrak Improvement Act in 1975, new procedures for Amtrak discontinuance were established. Amtrak now has the power to make its own decisions on the discontinuance of passenger service without any action by the Commission.

It is under this authority that Amtrak is effecting current service reductions. The one area of Amtrak operations over which the Commission has regulatory authority is adequacy of service.

The Commission has promulgated regulations which provide specific standards and controls over such matters as reservations, on-time performance, and conditions of cars and coaches. In 1975 the Commission, prompted by passenger complaints, investigated the quality of passenger service being provided.

As a result of that investigation, the Commission modified its adequacy regulations and imposed new requirements to improve conditions for the traveling public. The Commission has continued to reevaluate its rules and regulations and to make program modifications, in order to carry out its responsibilities relating to the adequacy of Amtrak service.

The Commission maintains a monitoring program which is designed to keep us constantly in touch with Amtrak service performance and to facilitate corrections when necessary. This program, in addition to handling passenger response forms received directly from the public, also consists of field staff inspections to determine Amtrak's compliance with the Commission's adequacy of service regulations.

It permits firsthand evaluation of Amtrak's performance, the results of which are reported to Amtrak for appropriate action. The Commission has been very successful in securing Amtrak's cooperation in voluntarily correcting deficiencies reported in this manner.

The number of complaints about Amtrak service received by the Commission this year is up sharply over the previous year. We have received 13,431 total complaints in the just completed fiscal year as compared to 8,033 in the previous 12 months.

Alleged violations of on-time performance and temperature control continue to lead the list. Every other category of complaint showed an increase as well. The Commission continues to monitor Amtrak's performance during peak holiday periods. The worst problems in this area were encountered during the fuel crunch of 1973 and 1974 when demands for rail passenger service were unusually high.

Problems have not been as severe in more recent years. Last year's Commission report on Amtrak to the President and the Congress noted Amtrak's commendable efforts to minimize passenger inconvenience during these periods.

This year, the Commission's surveillance activities focused on the 1976 Christmas period, and, more recently, on the 1977 Labor Day weekend. The Commission investigators observed conditions on trains and at selected major stations across the country.

Again, they reported that Amtrak had, for the most part, prepared pretty well.

Mr. ROONEY. Excuse me for interrupting, but I cannot help but comment. "The Commission has been very successful in securing Amtrak's cooperation, voluntarily correcting deficiencies reported in this manner.

"The number of complaints about Amtrak service received by the Commission this year is up sharply. We received 13,431 total complaints in this completed fiscal year as compared to 8,033 in the previous 12 months." How in the world are you securing Amtrak's cooperation in correcting the deficiencies?

Mr. O'NEAL. What we are saying, I think, is the Commission, when it receives these complaints, takes them up with Amtrak and Amtrak has been very receptive to correcting the problems raised by the specific complaints.

The increase in complaints, I think, goes to the total problem of Amtrak and not to whether they are trying to resolve these individual complaints as they arise. I think there is a distinction there.

Mr. ROONEY. You may proceed.

Mr. O'NEAL. In addition to its monitoring program, the Commission has, when necessary, undertaken enforcement efforts involving Amtrak. For instance, the Commission's Bureau of Investigations and Enforcement recently became involved with Amtrak over the reduction of red cap services in the northeast corridor.

Those reductions, according to Amtrak, were motivated by cost considerations. The Bureau, together with the Department of Justice, succeeded in securing a temporary restraining order against Amtrak's contemplated elimination of red cap positions. It appears, at this point, that a settlement with Amtrak over the basic question of red cap service will be reached.

Against this background, the Commission's jurisdiction over Amtrak and its efforts to bring about compliance with the adequacy of service regulations, I would like now to turn to the subject of most immediate concern to the committee, namely Amtrak's recently projected reduction in service.

Obviously, Amtrak itself is in the best position to explain to the subcommittee the reasons behind the actions that it has taken. However, I am glad, at this time, to share with the subcommittee our own understanding of what is going on in this area.

According to our information, the reduction in service projected by Amtrak arises from the fact that Congress cut \$45.6 million out of Amtrak's requested operating subsidies in 1978. To stay within this more stringent budget, Amtrak is attempting to trim its losses by running fewer trains in the northeast corridor and on three other routes, beginning October 30.

It is our understanding that the total service reductions announced to date are expected to reduce Amtrak's deficit by an estimated \$28,000,000 during the fiscal year 1978. We have also learned that since the initial announcement of the service reductions on September 1 of this year, Amtrak's Board of Directors decided to ask Congress for a \$56.5 million supplemental appropriation.

We understand this was done as a result of information from Amtrak's management that this amount would be needed to prevent further reductions in trains and service. We are unaware of why the

additional \$56.5 million is necessary, in view of the recent decision on service cutbacks.

In general, it appears safe to say that Amtrak considers the service reductions to be the most effective means of cost control available. As I noted earlier in the statement, Amtrak's route and service decisions are committed to the discretion of its Board of Directors and are not subject to any review by the Commission.

Amtrak does not issue decisions which explain in detail its determinations regarding individual terminations of service. However, its report setting forth policy on these matters has outlined the criteria which Amtrak considers in connection with each such decision.

We have, in the prepared statement, a list of those criteria. They suggest that a possibly fruitful line of inquiry for the subcommittee would be to determine whether the decisions made by Amtrak in this instance comport with the standards outlined in its Board of Directors publication.

Since these matters are not on record before the Commission, we do not feel ourselves to be in a sufficiently knowledgeable position to answer that question at this time. We also suggest that the committee inquire into the impact of the cutbacks on the revenues generated by Amtrak's small package delivery service.

I would say this probably does not involve that much in terms of revenue, but we understand that this service is profitable and has been growing. Service cutbacks may reduce passenger deficits, but they may also dissipate the revenue contribution of this growing package service.

The question of whether alternative methods of cutting costs would be more effective is a difficult one to answer. The operation of passenger trains is only a relatively small portion of Amtrak's total expenses.

From an analysis of Amtrak's income statement for the 10-month period ending July 31, 1977, the Commission's Bureau of Accounts has determined that the cost of operating the passenger trains for this period, including Amtrak's onboard personnel, amounts to only about 32 percent of total expenses incurred.

Expenses for the period, other than transportation expenses, still would be twice as high as passenger revenues. For example, if a reduction in service could accomplish a 10-percent reduction of expenses, it would only amount to \$22 million since total transportation expenses for the 10 months amounted to \$220 million.

It is unlikely that such a reduction would cause a major reduction in other expense areas, although there might be some relatively small savings in maintenance of equipment. The total picture is much more serious in that for the same 10-month period, Amtrak's total expenses were \$691.5 million while its total revenues were only \$254 million.

Apart from reductions in service, which, as just noted, do not significantly cut into Amtrak's substantial revenue shortfalls, measures which will increase revenues or cut costs are relatively limited.

While we believe that Amtrak has generally done a good job in providing adequate service to the public, there may be areas such as improved management efficiency and more effective marketing which would help. Amtrak's payroll should be scrutinized since, during fiscal



year 1977, it accounted for \$300 million, close to half of Amtrak's total expenses of \$691 million.

Apart from measures such as these, which can admittedly only go a relatively short distance toward meeting Amtrak's problems, the only other solutions would be increased rates and/or increased appropriations to cover Amtrak's losses.

Of course, these approaches have obvious limitations well known to all of us.

However, to the extent appropriate, the Commission stands ready to offer its expertise to help find solutions.

Of course Amtrak's future profitability is tied closely to long-term increases in ridership. Amtrak's principal competitor is the private automobile. Ridership patterns will be closely tied to future costs and availability of fuel. If it becomes more difficult to obtain fuel, Amtrak's load factors could increase and the carrier should be better able to reduce its losses.

Thank you for the opportunity to present these comments.

[Testimony resumes on p. 74.]

[Mr. O'Neal's prepared statement and attachments follow:]

STATEMENT OF  
A. DANIEL O'NEAL,  
CHAIRMAN, INTERSTATE COMMERCE COMMISSION  
BEFORE THE SUBCOMMITTEE ON TRANSPORTATION AND  
COMMERCE OF THE HOUSE COMMITTEE ON INTERSTATE  
AND FOREIGN COMMERCE ON REDUCTIONS IN SERVICE  
BY AMTRAK AND RELATED MATTERS

October 12, 1977

Mr. Chairman, Members of the Subcommittee:

I am pleased to appear before you to present the views of the Interstate Commerce Commission on the important matter of reductions in service by the National Railroad Passenger Corporation, usually known as Amtrak. Certainly the performance of the Nation's Federally-funded passenger railroad system is a subject of great interest to all of us, and I am pleased to be able to offer any assistance we can in assessing the situation and helping Congress formulate policies regarding this service to the Nation's public.

I will begin today by giving you a brief overview of the Commission's regulatory jurisdiction over Amtrak. I will then describe some of our efforts toward improving service by Amtrak, and will conclude with some thoughts on why, in our opinion, Amtrak may have chosen to save money by cutting costs in the ways that it has.

The Commission's jurisdiction over Amtrak comes from the Rail Passenger Service Act of 1970 (RPSA), which created Amtrak. That Act in section 306 relieved Amtrak from those provisions of the Interstate Commerce Act relating to (1) rate regulation;

(2) abandonment or extension of lines; and (3) routes and service.<sup>1/</sup>

With the passage of the Amtrak Improvement Act of 1975 (AIA of 1975), Public Law 94-25, new procedures for Amtrak discontinuances were established.<sup>2/</sup> Amtrak now has the power to make its own decisions on the discontinuance of passenger service without any action by the Commission. It is under this authority that Amtrak is effecting current service reductions.

The one area of Amtrak operation where the Commission does have regulatory authority is adequacy of service. Section 801 of RPSA authorized the Commission to prescribe "such regulations as it considers necessary to provide safe and adequate service, equipment, and facilities for intercity rail passenger service." Pursuant to this authority, the Commission promulgated the basic adequacy regulations in

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1/ Section 306 of RPSA designated Amtrak as a common carrier by railroad subject to all provisions of the Interstate Commerce Act "other than those pertaining to (1) regulation of rates, fares, and charges; (2) abandonment or extension of lines of railroads utilized solely for passenger service, and the abandonment or extension of operations over such lines of railroads, whether by trackage rights or otherwise, and (3) regulation of routes and service and, except as otherwise provided in this Act, the discontinuance or change of passenger train service operations."

2/ Section 8 of AIA of 1975 amended Section 404 of RPSA to allow Amtrak to develop its own standards and procedures for the discontinuance of its passenger trains. Amtrak developed procedures and standards which were submitted to Congress for review. See "The Criteria and Procedures for Making Route and Service Decisions" submitted by the Board of Directors of Amtrak to Congress on October 29, 1975. These procedures and standards became effective in March of 1976 when Congress declined to issue a resolution disapproving them.

Ex Parte No. 277 (Sub-No. 1), effective April 1, 1974. These regulations, as amended, provide specific standards and controls over such matters as reservations, on-time performance, and conditions of cars and coaches. In 1975, the Commission, prompted by passenger complaints, investigated the quality of passenger service being provided. As a result of the investigation, the Commission modified its adequacy regulations and imposed new requirements to improve conditions for the traveling public. The Commission has continued to reevaluate its rules and regulations and make appropriate modifications.

To carry out its responsibilities relating to adequacy of Amtrak's service, the Commission maintains a monitoring program which is designed to keep us constantly in touch with Amtrak's service performance and to facilitate corrections when necessary. This program, in addition to handling passenger response forms received directly from the public, also consists of field staff inspections to determine Amtrak's compliance with the Commission's adequacy of service regulations. During the twelve months ending September 30, 1977, the Commission's field staff made 531 station compliance inspections and also inspected 3,044 passenger trains. The program includes unannounced visits to stations, where facilities are checked for substandard conditions, as well as walk-on and ride-on inspections. It permits first-hand evaluation of Amtrak's performance, the results of which are reported to Amtrak for

appropriate action. The Commission has been very successful in securing Amtrak's cooperation in voluntarily correcting deficiencies reported in this manner.

The number of complaints about Amtrak service received by the Commission this year is up sharply over the previous year. We received 13,431 total complaints in the just completed fiscal year, as compared to 8,033 in the previous 12 months. Alleged violations of on-time performance and temperature control continue to lead the list, and nearly every other category of complaint showed an increase as well.

Several extraordinary occurrences during the year undoubtedly contributed to the large number of complaints. Severe winter weather caused massive equipment failures and long delays in scheduled runs. As a result of the weather conditions, Amtrak in late January had to suspend 20 trains indefinitely, and to annul many more on a daily basis. An unusually hot summer also had its effect on temperature control systems and contributed to the increase in air conditioning complaints received, despite the delivery of Amtrak's new, all-electric Amfleet equipment, which was completed in June 1977. There were also several floods across the nation and a number of large derailments which interrupted service, inconvenienced passengers, and led to the filing of many complaints.

The Commission continues to monitor Amtrak's preparation and performance during peak holiday periods. The worst problems in this area were encountered during the fuel crunch of 1973-74,

when demands for rail passenger service were unusually high. Problems have not been as severe in more recent holiday periods. Last year's Commission Report on Amtrak to the President and Congress noted Amtrak's commendable efforts to minimize passenger inconvenience during these periods.

This year the Commission's surveillance activities focused on the 1976 Christmas period and, more recently, on the 1977 Labor Day weekend. Commission investigators observed conditions on trains and at selected major stations across the country, and again they reported that Amtrak had for the most part prepared well. Extra cars were added to train consists to increase passenger-carrying capacity, and additional Amtrak personnel were available at ticket windows and on the floor to give information and assistance. Minimal congestion and overcrowding were reported.

Over the Christmas holiday period there were delays and equipment failure associated with the harsh weather, but these are recognized as largely beyond Amtrak's control. The Commission acknowledges Amtrak's excellent efforts to alleviate many of the difficult conditions which mark holiday travel.

In addition the Commission has undertaken enforcement efforts involving Amtrak when necessary. For example, the Commission's Bureau of Investigations and Enforcement recently became involved with Amtrak over reductions of redcap service

in the Northeast corridor, reductions which, according to Amtrak, were motivated by cost considerations. The Bureau, together with the Department of Justice on September 12, 1977, succeeded in securing a temporary restraining order against Amtrak's contemplated elimination of redcap positions. This court action<sup>3/</sup> was jurisdictionally based on the assertion that Amtrak would be in violation of the Commission's adequacy of service regulations. Although a difficult and important legal dispute between the Commission and the Department of Justice arose during the course of this litigation (which is explained in Attachment A to this statement and which we believe warrants the attention of this Subcommittee), it appears at this point that a settlement with Amtrak over the basic question of redcap service will be reached.

Against this background of the Commission's jurisdiction over Amtrak and its efforts to bring about compliance with the adequacy of service regulations, I would like now to turn to the subject of most immediate concern to this Subcommittee, Amtrak's recent projected reductions in service. Obviously, Amtrak itself is in the best position to explain to this Subcommittee the reasons behind the actions that it has taken. However, I am glad at this time to share with the Subcommittee our own understanding of what is going on in this area.

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3/ United States of America and Interstate Commerce Commission v. National Railroad Passenger Corporation, Civil Action No. 77-1567 (U.S.D.C. D.C. filed September 12, 1977).

According to our information, the reduction in service projected by Amtrak arises out of the fact that Congress cut \$45.6 million out of Amtrak's request for \$534 million in operating subsidies for 1978. To stay within this more stringent budget, Amtrak is attempting to trim its losses by running fewer trains in the Northeast corridor and on 3 other routes beginning October 30. An average of 22 trains per day out of 120 operated will be removed from Northeast corridor service (Boston-New York-Philadelphia-Washington). Extra cars will be added on the remaining trains to handle heavier passenger boardings. It is our understanding that the total service reductions announced to date are expected to reduce Amtrak's deficit by an estimated \$28 million during the fiscal year 1978. We have also learned that since the initial announcement of the service reductions on September 1 of this year, Amtrak's Board of Directors decided to ask Congress for a \$56.5 million supplemental appropriation for fiscal year 1978. We understand that this was done as a result of information from Amtrak's management that this amount would be needed to prevent further reductions in trains and service. We are unaware of why the additional \$56.5 million is deemed necessary, in view of the recent decision on service cutbacks.

In general, it appears safe to say that Amtrak considers these service reductions to be the most effective means of cost control which is available. As I noted earlier in this



statement, since enactment of Section 404 of the Amtrak Improvement Act of 1975, Amtrak's route and service decisions are committed to the discretion of its Board of Directors, and are not subject to any review by the Commission.<sup>4/</sup> As I also noted earlier, the Amtrak Board of Directors' policy on route and service decisions is embraced in its publication entitled "The Criteria and Procedures for Making Route Service Decisions" which was submitted by the Board of Directors in compliance with Public Law 94-25 on October 29, 1975. Amtrak does not issue decisions which explain in detail its determinations regarding individual terminations of service. However, its report does outline criteria which Amtrak considers in connection with each such decision. These are as follows:

- (1) Economic impact
- (2) Environmental impact
- (3) Effective changes on connecting parts of the system
- (4) Population affected
- (5) Demand for intercity service
- (6) Revenue per passenger mile
- (7) The effect on capital costs
- (8) The effect on revenues
- (9) The availability of alternative modes of transport

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<sup>4/</sup> Prior to that time discontinuance of service was governed by section 13a of the Interstate Commerce Act (49 U.S.C. 13a) which required Amtrak, and all other passenger carriers, to show that discontinuance of passenger service was consistent with the public interest.

We suggest that a possibly fruitful line of inquiry for the Subcommittee would be to determine whether the decisions made by Amtrak in this instance comport with the standards outlined in its Board of Directors' publication. Since these matters are not on record before the Commission, we do not feel ourselves to be in a sufficiently knowledgeable position to answer that question at this time.

We also suggest that the Committee inquire into the impact of the cutbacks on the revenues generated by Amtrak's small package delivery service. We understand that this service is profitable and is growing. Service cutbacks may reduce passenger deficits, but they may also dissipate the revenue contribution of this growing package service.

The question of whether alternative methods of cutting costs would be more effective is a difficult one to answer. The operation of passenger trains is only a relatively small portion of Amtrak's total expenses. From an analysis of Amtrak's income statement for the 10 month period ending July 31, 1977, the Commission's Bureau of Accounts has determined that the costs of operating the passenger trains for this period, including Amtrak's own on-board personnel, amounts to only 31.9 percent of total expenses incurred.<sup>5/</sup> Expenses for the period

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<sup>5/</sup> A breakdown of Amtrak's total expenses for this same ten-month period is included as Attachment B. Attachment C is an analysis of Amtrak's employees and payroll.

other than transportation expenses still would be twice as high as passenger revenues.

For example, if a reduction in service could accomplish a 10 percent reduction of expenses, it would only amount to \$22 million since total transportation expenses for the 10 months amounted to \$220 million. It is unlikely that such a reduction would cause a major reduction in other areas, although there might be some relatively small savings in maintenance of equipment. The total picture is much more serious in that for the same 10-month period Amtrak's total expenses were \$691.5 million while its total revenues were only \$254.4 million.

Apart from reductions in service -- which as just noted, do not significantly cut into Amtrak's substantial revenue shortfalls -- measures which will increase revenues or cut costs are relatively limited. While we believe that Amtrak has generally done a good job in providing adequate service to the public, there may be areas, such as improved management efficiency and more effective marketing, which would help. Amtrak's payroll should be scrutinized since during fiscal year 1977 it accounted for \$300 million -- close to half of Amtrak's total expenses of \$691.5 million. Apart from such measures as these, which admittedly can only go a relatively short distance toward meeting Amtrak's problems, the only other solutions would be increased fares and/or increased appropriations to cover Amtrak's losses. These approaches have obvious limitations which are well known to us all. However, to the extent appropriate, the Commission stands ready to offer its expertise to help find solutions.

Of course, Amtrak's future profitability is tied closely to long-term increases in ridership. And, as Amtrak's principal competitor is the private auto, ridership patterns will be closely tied to future costs and availability of fuel. If it becomes more difficult or costly to obtain fuel, Amtrak's load factors should increase and the carrier should be better able to reduce its losses.

Thank you for this opportunity to comment on this matter. I will be pleased to attempt to answer any questions you may have.

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Commissioners Brown, Christian and Murphy were absent and did not participate.

ATTACHMENT A

The Commission's Bureau of Investigations and Enforcement (BIE) together with the Department of Justice, on September 12, 1977, succeeded in securing a temporary restraining order against Amtrak's contemplated elimination of 80 redcap positions in the Northeast corridor. (United States and Interstate Commerce Commission v. National Railroad Passenger Corporation, Civil No. 77-1567 (D. D.C., filed September 12, 1977)). The Court action was jurisdictionally founded on the assertion that Amtrak would be in violation of 49 C.F.R. 1124.14, a regulation promulgated by the Commission pursuant to Section 801 of the Rail Passenger Service Act, 45 U.S.C. 641. In addition to Regulation 14, the Bureau asserted that Amtrak's action would violate Regulation 15, 49 C.F.R. 1124.15, which, together with Regulation 14, requires Amtrak to provide baggage assistance to the elderly and handicapped.

In the course of the court proceedings, the Bureau and the Department of Justice became involved in a jurisdictional dispute concerning whether the Bureau could, in the name of the Commission, pursue the litigation without the Department of Justice. The dispute with the Department of Justice was premised on the inability of the Department to inform the Bureau before a specified hearing date whether it, the Department of Justice, was going to compromise the case against the interest

of the Bureau. Discussions with the Department of Justice indicated that its position in the case was subject to the influence of the Department of Transportation which, although not a party to this litigation, is an agency which the Department of Justice often represents. It appeared that the interest of the Department of Transportation might not be consistent with the interest of the Bureau in the litigation.

Therefore, because BIE believed that the Department of Justice was unable to represent the Commission's interest fully at the scheduled hearing on a motion for preliminary injunction, the Bureau filed its motion for preliminary injunction without the consent of the Department of Justice. The Department of Justice moved in court to strike our motion for preliminary injunction on the ground that it, pursuant to 28 U.S.C. 516 and 519, and 45 U.S.C. 547(a) and 641(b), was the only authorized agency permitted to bring such suit in the Federal court. The Department of Justice prevailed on its motion to strike. The Court, in reading 45 U.S.C. 641(b) narrowly, found that the Commission could bring an action only if the Attorney General notified the Commission within 45 days that he would permit the Commission to represent itself, and that there had been no formal decision by the Attorney General to permit the Commission to pursue the matter in its own name. BIE's position, which did not prevail, was that the Department of Justice had effectively turned down the litigation by its failure to either pursue the Commission's interest in the case or to notify the Commission of its, the Department of Justice's, position in the case before the date scheduled for hearing the matter.

The redcap case is illustrative of the kind of problem which the Commission encounters in its effort to carry out the mandate of Congress by enforcing its own regulations. In many areas the Department of Justice has an effective veto power over our enforcement efforts since we have no independent right to pursue actions in court. Even where there is a 45-day turndown provision, as under the Rail Passenger Service Act, we can be effectively blocked from fully pursuing the case, especially where, as in the redcap case, significant court proceedings take place right after the case is filed.

In view of these problems, the Commission will soon consider whether to support legislation which would give us an independent right to pursue civil litigation before the courts in our own name. I believe that such a measure, if enacted, would go far toward improving our ability to carry out our Congressional mandate.

AMTRAK  
Statement of Expenses  
For the Ten Months Ended July 31, 1977

	<u>Thousands</u>	<u>Percent</u>
<u>Operating Expenses:</u>		
Maintenance of Way and Structure	\$ 36,321	5.3
Maintenance of Equipment	171,307	24.8
Traffic	36,937	5.3
Transportation	220,894	31.9
Dining and Buffet Service	49,399	7.2
General	43,917	6.4
Taxes	66,548	9.6
Rents	3,635	.5
Railroad Performance Payments	8,932	1.3
Allowance for Avoidable Costs	5,677	.8
Allowance for Assumption of Risk Liability	632	.1
Total Operating Expenses	<u>\$644,190</u>	<u>93.2</u>
<u>Corporate Expenses:</u>		
General and Administrative	18,665	2.7
Net Interest Expense	28,629	4.1
Total Corporate Expenses	<u>47,294</u>	<u>6.8</u>
 TOTAL EXPENSES	 <u>\$691,484</u>	 <u>100.0</u>



AMTRAK  
ANALYSIS OF EMPLOYEES & PAYROLL  
(\$ in Millions)

Fiscal Year Ending 9/30 (except as indicated)	Total *		Executives Officials and Staff		Professional and General		Maint. of Way and Structures		Maint. of Equip. and Stores		Transportation	
	No.	\$	No.	\$	No.	\$	No.	\$	No.	\$	No.	\$
1973	5375	\$30.2	146	\$2.5	3974	\$23.2	2	\$0	62	\$0.3	1191	\$4.3
1974	5983	84.1	251	4.4	4433	46.0	-	.0	232	1.8	4067	31.9
1975	9285	110.9	341	6.9	4195	50.4	2.1	.1	918	7.2	3810	46.3
1976	16889	183.9	489	10.6	5876	73.5	2200	10.0	4261	42.1	4063	47.7
1977(thru May)	21064	177.7	515	8.8	7041	62.1	4125	22.1	5077	46.5	4306	38.2

\* Columns may not cross total due to rounding

Mr. ROONEY. Thank you, Mr. Chairman. The only thing I can conclude from your statement, with respect to Amtrak cutting its routes and increasing its passenger fares, is the same way that the Penn Central and all of the other trains went in the early fifties and the early sixties.

Every time there was any kind of problem with passenger service, one of two things happened. Either the service was cut or the passenger had to pay increased rates. To me, it is the same way in which Amtrak is going today and it is sad, especially when Congress is putting one-half of \$1 billion in every fiscal year.

Mr. O'NEAL. There are no easy answers to this particular problem and, as you mentioned earlier, I think, ridership is what, 1 percent of the total traveling public? We did, I think, see an indication in 1973 and 1974 when fuel was not as available as it had been and is now, that more people will ride common carriers, if they are forced into it because they cannot depend upon their automobile.

Maybe this is the ultimate answer, but, again, that depends on our total policy toward energy conservation and how that impacts in this area.

Mr. ROONEY. It is sad when we have to realize that Mr. Reistrup, when he appeared before this subcommittee last year said, you could fill every train Amtrak operates and still, at the end of the year, you would have a \$75 million loss.

On page 2 of your testimony, Mr. Chairman, you state that: "It is under the authority granted by the Amtrak Improvement Act of 1975 that Amtrak is effecting the current service reduction." Considering the fact that Amtrak did not apply the criteria established in accordance with this act, I wonder if you would give us your opinion as to whether or not Amtrak's service reductions were legal?

Mr. O'NEAL. In our view, the reduction in the frequency of service should be accomplished in accordance with the criteria that are established by Amtrak pursuant to the act. If that is not the case, then one wonders at what point those criteria would apply. Would it apply only with the last train on the route and, if so, what is the last train on the route? Is it the daily service, weekly service, monthly, or annual service?

I would say that our reading is that the criteria should apply to these frequency changes.

Mr. FLORIO. If the gentleman will yield?

Mr. ROONEY. I would be happy to yield.

Mr. FLORIO. I am sure you have heard the previous individuals who testified for FRA indicate that, in his opinion, the route criteria really applied only to route reduction and not to service reductions. I had some difficulty with that because of the fact that if that is the case, it means there is no criteria.

What happens is the statutory criteria was given to Amtrak to make up their own mind when they wanted to reduce service, answerable to no one which I find somewhat acceptable. If Federal moneys are going into that, there should be some objective standard, certainly of the appeal process, and, if the reading of FRA is correct, that only applies to route reductions. Am I making any sense?

Mr. O'NEAL. Yes.

Mr. FLORIO. So it would be your opinion, then, that in fact this criteria should apply to route reductions as well as service reductions?

Mr. O'NEAL. I want to make sure we are talking about the same thing. We think a reduction in, let's say, the frequency of service, and not just the elimination of a route, should be made in accordance with the criteria that Amtrak has established. I think that is what you are saying.

Mr. FLORIO. Yes; but that is not the opinion we got from FRA this afternoon.

Mr. O'NEAL. I guess then that we disagree on that point. As I said, you have an interesting question if the criteria does not apply because, then, at what point do they apply? It would seem that there would be an opportunity for Amtrak to reduce the service to practically nothing without taking that last train off and, since some minimal service is supplied, it should not have to apply its criteria. What constitutes continued service—service once a week? Is that the last train? Is it service once a month? At what point would the criteria apply under their standard? I think that is a good question.

Mr. FLORIO. Mr. Chairman, I would just observe it seems to me there is a factual question or legal interpretation that has to be obtained. In the event the FRA position is correct, it seems there is a legislative void that has to be filled appropriately by this committee to provide some rational oversight or some standard by which service reductions can be made in a way that is something more than just arbitrary and capricious. Thank you.

Mr. ROONEY. Mr. Chairman, you mentioned the fact that you get along very well with Mr. Reistrup and you cooperate very well with Amtrak; Amtrak cooperates very well with you, I believe. Then we get to page 4 of your statement and you say, "The Bureau, together with the Department"—the Bureau, of course, is the Bureau of Investigations in the ICC—"together with the Department of Justice succeeded in securing a temporary restraining order." Why do you have to go to court if you get such great cooperation?

Mr. O'NEAL. I am glad you asked that question.

Mr. ROONEY. You don't have to answer.

Mr. O'NEAL. No; I will answer. What we are saying there is that when we receive complaints, we take those complaints to Amtrak and say something ought to be done about this. In those instances cooperation has been very good. We have no complaints.

There are other relationships outside of this kind of working relationship, handling complaints, where our relationship has not been that good or as good as we would like all of the time. The redcap situation is one of them. It came as a big surprise to us. We felt it was a violation of the regulations we are charged with enforcing, so we sought the temporary restraining order.

Mr. ROONEY. How many redcaps were involved in this?

Mr. WALSH. Eighty-seven.

Mr. ROONEY. How many?

Mr. O'NEAL. Eighty-seven total. I think the savings would have amounted to \$1.4 million.

Mr. ROONEY. What are you doing with respect to the redcaps in Miami? I have a petition here informing me that the jobs in Miami are going to be abolished.

Mr. O'NEAL. We have not been formally advised of that problem. No one has complained to us about it. We have not heard about it from our field officers. We would be happy to take a look at it.

Mr. ROONEY. I will be very happy to turn over this petition to you. Thank you very much.

Mr. Florio?

Mr. FLORIO. Serving in your capacity of monitoring the adequacy of service, you mentioned something about there were, from time to time, surges of activity. I assume you are talking about the time when there was the oil embargo and increased ridership?

Mr. O'NEAL. Yes.

Mr. FLORIO. I read in the plan, published in the paper yesterday, that Amtrak intends to create a mothball fleet from 200 cars and 30 locomotives which would be used for sudden, unanticipated surges of passengers.

Are you involved in recommending that as a means of insuring that there be adequacy of service in such times?

Mr. O'NEAL. We have not really played a role in that decision by Amtrak, as far as I am aware.

Mr. FLORIO. To what would you attribute the increase in complaints? You indicated they responded to complaints adequately that you raised, yet there has been a substantial increase. Parenthetically, I can verify that, and much to my regret, and perhaps Amtrak's, I am a regular rider of it going back and forth every week. My own semi-scientific little formula has something like, in the last year and a half, 60 percent of the time I ride on it, it is more than 10 minutes late in starting on time or arriving on time, so I can echo there has been—this is the Metroliner we are talking about.

Mr. ROONEY. Ten minutes and you are complaining?

Mr. FLORIO. To what would you attribute that, if you have any knowledge, the increase in complaints?

Mr. O'NEAL. It is a difficult question. The complaints about temperature control have gone up substantially. You would think that with new equipment, those kinds of complaints would be reduced, but they are not. The on-time performance is another area which continues to be a major source of complaint and again, new equipment should make a difference there, but, at least so far, it has not had an effect overall in the system.

Mr. WALSH. Over this past fiscal year, we have had a severe winter which caused a lot of cancellations as well as slow operating conditions which cause some trains, in the interest of overall safety, to fail to observe a published time schedule.

Mr. O'NEAL. I should have mentioned that. The weather conditions probably did have an effect, particularly during the winter and, with the summer being hotter, I assume those who might not have complained about hot passenger cars in the past, do complain.

Mr. FLORIO. I will reserve this question for Mr. Reistrup, but just to observe, in the last 3 weeks, leaving on Friday afternoons, I timed it and it was 45 minutes in starting because of equipment failure, according to the announcement. One time it was 15 and the other 20; the last was on Thursday rather than Friday. I have difficulties in understanding. Obviously that is not repairs on the road at the out-

set, so it seems to me the equipment we are paying for, the new equipment, is it not being monitored, maintained, or whatever? It seems to me a lot of the lateness is attributed to equipment deficiency.

The last question I would ask is, in connection with the Operations Review Panel. Are you familiar with that entity, under the Amtrak Law?

Mr. O'NEAL. No, I am not.

Mr. FLORIO. It is a panel designed to, or supposed to be monitoring disputes between Amtrak and local and State governments. My understanding was there were some disputes with regard to its jurisdiction or the jurisdiction of the ICC. Have you had any experience with the panel?

Mr. O'NEAL. I am not aware of—

Mr. FLORIO. It may be because the panel is not operating, which is one of the problems.

Mr. O'NEAL. I would like to take a look at the question and find out exactly what the problem is. It has not come to my attention. That is all I can say.

Mr. FLORIO. Thank you, Mr. Chairman.

Mr. ROONEY. The gentleman from Nevada?

Mr. SANTINI. Thank you, Mr. Chairman. Mr. O'Neal, the Commission has just issued its "Through Route and Joint Fare Study" pursuant to section 106 of the Rail Transportation Improvement Act of 1976.

In your letter to Congress, accompanying that study, you state:

The failure of Amtrak to offer, in a timely manner, any meaningful comment in this proceeding, denied the Commission the benefit of information peculiarly within Amtrak's position and significantly impaired our ability to conduct a thorough study and make comprehensive recommendations.

Do you have any idea why Amtrak chose not to participate more fully in this proceeding, as was intended by Congress, under our law? I am informed that your study completion date was the 31st. The letter came in on the 27th. It was a two- or three-paged preliminary comment that was of no use whatsoever to you. Do you know the reason for that?

Mr. O'NEAL. I really cannot answer that question. I think probably—I do not like to pass on questions to other witnesses—but I think that Amtrak might be in a better position to answer than I.

Mr. SANTINI. Did you, or anyone under your direction, take it upon your or their initiative to inquire of Amtrak as to the reasons for this nonresponse?

Mr. O'NEAL. I am quite sure that we contacted Amtrak to find out about it. I am not, at this time, able to really tell you what their response was, but it must not have been a very adequate one or I would have heard about it.

Mr. SANTINI. You have indicated 13,431 complaints, on page 3, the total complaints in the just-completed fiscal year. Could that be fairly characterized as the tip of the iceberg of rider discontent?

Mr. O'NEAL. Yes, probably. I think you would have to say most people who have a complaint do not complain when they are upset about something, especially those who ride passenger trains. In some cases, they might feel it is useless to go through the exercise, although,

as I say, we do follow through on those complaints, and get some satisfaction.

Mr. SANTINI. Are they all written complaints?

Mr. O'NEAL. Almost all of them. There is a form provided. We receive them through the mail and we process them as fast as we can.

Mr. SANTINI. So the ordinary, oral complainer would not have any direct avenue of communication with you or the Commission?

Mr. O'NEAL. He can call the Commission, and we have a consumer hot line that people can call, but almost all of the complaints that we process are the written complaints. The forms are easily available. I think it is as easy to do that probably.

Mr. SANTINI. Human nature is much akin to the Congressman from New Jersey to allow it to pent up and then in either a hearing room or a barroom find someone to vent on, to somehow unleash it and it somehow never translates through.

This gentleman from New Jersey—Mr. Florio—is an abstainer. I was not referring to him.

But some of us vent that wrath.

I am disturbed at what a small percentage of the actual grievance is that figure, 13,431, represents. I don't know if anyone has developed a rule of thumb to balance the number of written complaints versus the number of grievances they actually represent, but it would be crude at best. No further questions, Mr. Chairman.

Mr. FLORIO. May I, Mr. Chairman.

Mr. ROONEY. [Nods affirmatively.]

Mr. FLORIO. The ICC has jurisdiction obviously of passenger trains run by ConRail; don't they?

Mr. O'NEAL. If they are run by ConRail for Amtrak, yes. If they are commuter trains, our jurisdiction is limited.

Mr. FLORIO. My point is there are some of those trains that have connections with Amtrak's lines and people are now being—my correspondence indicates people are being inconvenienced because their hookup trains are being discontinued.

It seems to me, it may very well be within your jurisdiction to assert some jurisdiction, not withstanding the statutory language because of the impact upon those people who are making connections who are not going to be able to make connections on the trains over which you have jurisdiction.

Has anyone given any thought to this? We have people who go from north Jersey to Trenton and their trains are going to leave them at a point where there will be no train for them to get on to continue on their way. It seems to me that is a place that there is a logical extension of your jurisdiction with which to deal, because it is impacting upon the ridership capability of the trains over which you do have jurisdiction.

Mr. O'NEAL. That is true. We could research this a little more but I feel that probably, because of what we feel are pretty tight restrictions on our authority over discontinuance or adjustments in routes and service by Amtrak, that we could not indirectly effect those kinds of changes, which is what you would really be doing in that situation, without a change in the statute.

Mr. ROONEY. I have one final question, Mr. Chairman. Is it the position of the Commission that should Amtrak receive its \$56 million supplemental appropriation, that all of the present lines or routes now scheduled for reduction, be reinstated?

Mr. O'NEAL. I do not think we are going that far. We are not sure really because we are not privy to the information they have as to why they feel \$56 million is required and what they are going to do with it.

Mr. ROONEY. Why are you not privy to the information? You get all the information from the trucks, buses, and every other mode of transportation? Why are you not privy?

Mr. O'NEAL. This is a recent pronouncement by Amtrak. We undoubtedly will have the information at some point. We just have not taken it and analyzed it at this stage.

Mr. ROONEY. Do you feel personally if we give them the \$56 million, all of the routes should be reinstated?

Mr. O'NEAL. I just don't really feel I can answer that question at this stage.

Mr. ROONEY. I have no further questions. The subcommittee stands adjourned until 10 a.m. tomorrow in room 2175.

[Whereupon, the subcommittee adjourned at 4:30 p.m., to reconvene October 13, 1977, at 10 a.m.]





## AMTRAK'S SERVICE REDUCTIONS

THURSDAY, OCTOBER 13, 1977

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON TRANSPORTATION AND COMMERCE,  
COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE,  
*Washington, D.C.*

The subcommittee met at 10 a.m., pursuant to notice, in room 2175, Rayburn House Office Building, Hon. Fred B. Rooney, chairman, presiding.

Mr. ROONEY. We now come to our star witness, the one we have all been waiting for, and that is Mr. Paul Reistrup, president of Amtrak.

I want to say, Mr. Reistrup, I am very sorry for the delay in having you testify and recognize the inconvenience it has caused you. On behalf of the subcommittee I apologize. I trust you understand the reason why it was necessary to delay your testimony yesterday.

Mr. Reistrup accepted the presidency of Amtrak approximately 2½ years ago after a very successful career with the Illinois Central Gulf Railroad and Baltimore and Ohio Railroad. We are familiar with the condition of Amtrak existing at that time and recognized the tremendous challenge he was undertaking. Although many of us question the success of Amtrak and are critical of many of its operations we do not question Mr. Reistrup's leadership, his ability or his devotion to duty.

I recognize that you have undertaken what I personally believe to be a very difficult task and I commend you for the job you are doing. I trust, Mr. Reistrup, that you will not consider the criticisms of Amtrak being made by the subcommittee as a personal indictment against you. Rather, in our different ways we are attempting to achieve the same goal, that is, the best possible rail passenger service at the lowest expenditure to the American taxpayers. Again I welcome you to the subcommittee and apologize for the delay in receiving your testimony.

Mr. REISTRUP. Thank you, Mr. Chairman.

Mr. ROONEY. It has been called to my attention there is a quorum call. I again have to ask you to bear with us. I will be right back.

[Brief recess.]

Mr. ROONEY. I might say all of the witnesses today will have 10 minutes. My colleagues are now going to testify and they will be limited to 2 minutes apiece. The only witness this morning who will not be limited will be Mr. Reistrup.

Our first witness is our colleague from the great State of Connecticut, Christopher J. Dodd.

**STATEMENT OF HON. CHRISTOPHER J. DODD, A REPRESENTATIVE  
IN CONGRESS FROM THE STATE OF CONNECTICUT**

Mr. Dodd. Thank you very much, Mr. Chairman. I apologize for not being here at the time you were scheduled to start. I ask unanimous consent to submit a prepared statement for the record.

Mr. ROONEY. Without objection.

Mr. Dodd. My principal point is to compliment you on holding these hearings. We in Connecticut, as well as many other States are deeply concerned over the proposed cutbacks. Quite frankly I am not prepared as a Member of Congress to say that those cutbacks are not necessary. Nor can I in good conscience say to my constituency that they are necessary without having the data and information in order to make that determination. These hearings will bring that information out. They will enable this Member to make a personal decision whether to go forward and ask for additional funds or allow the cutbacks to go back as planned with the existing level of funding. I will conclude my remarks. There is a lot of information and data on which I base that concern. That basically is my interest. I will be very anxious to hear the outcome of these hearings.

Mr. ROONEY. Thank you very much, Congressman Dodd. I know of your interest in serving the people of the great State of Connecticut. You have discussed this matter with me on numerous occasions. That is the purpose of these hearings, to get that information to you.

Mr. Dodd. Thank you.

[Mr. Dodd's prepared statement follows:]

**STATEMENT OF HON. CHRISTOPHER J. DODD, A REPRESENTATIVE IN CONGRESS FROM  
THE STATE OF CONNECTICUT**

Mr. Chairman: I would like to take this opportunity to compliment you and the members of the subcommittee for scheduling these hearings on the substantial service cutbacks which Amtrak has announced will take place on October 30, 1977. There is no greater service that this subcommittee can provide the Congress than the full and complete investigation of Amtrak's claim that these service cutbacks are necessary in order to reduce their operating expense to an acceptable level. In addition to these already announced service cutbacks which Amtrak claims would lower its operating budget by \$23 million, it is my understanding that Amtrak's board of directors will meet later this month to decide upon additional cutbacks which they claim are needed in order to reduce their operating budget by \$56.3 million in fiscal year 1978.

As you know, when the supplemental appropriations bill for fiscal year 1978, H.R. 9375, came before the House Rules Committee, several members and I expressed our concern that the bill did not contain any funds for Amtrak despite Amtrak's request for an additional appropriation of \$56.3 million. At our request the Transportation Subcommittee of the House Appropriations Committee will soon hold hearings on Amtrak's request for additional funding.

It is my desire, as I know it is yours, that essential rail passenger service be continued. However, quite frankly when the supplemental came before the Rules Committee those of us who would support additional funds to meet legitimate needs found ourselves in a very uncomfortable position of not having adequate and verifiable information upon which to request a specific level of funding. It is my sincere hope that these hearings and hearings to be held by the Transportation Subcommittee of the Appropriations Committee will bring to light information upon which Congress can then determine the appropriations needed to continue essential rail service.

There are many questions surrounding Amtrak's request which need to be addressed. Clearly, service cutbacks should occur on those trains where ridership is extremely low. It has been suggested that those trains on which fewer

than 25 passengers ride per trip should be eliminated. Amtrak has told me that 3 such trains could be eliminated at an annual savings of \$5 million.

There are also questions as to whether Amtrak has the proper relationship with Congress. For example, in this recent experience Amtrak has in effect said to Congress either give us the funds we want immediately or we will eliminate rail service on which literally hundreds of thousands of passengers are dependent.

Mr. Chairman, with regard to this last issue, it is my belief that if Amtrak is unresponsive to congressional oversight and inquiry, then legislative remedy must be sought.

However, I do not believe that the problem we may face in our relationship with Amtrak is appropriately addressed by permitting these cutbacks to occur. It is not fair to the hundreds of thousands of riders who will be affected by the cutbacks for Amtrak to hold them hostage in return for the funding Amtrak has requested. Instead, Mr. Chairman, continuation of essential rail passenger service must be our goal.

According to Section 301 of the Rail Passenger Service Act of 1970, P.L. 91-518; 84 Stat. 1327, "There is authorized to be created a National Railroad Passenger Corporation. The corporation shall be a for profit corporation, the purpose of which shall be to provide intercity rail passenger service, employing innovative operating and marketing concepts so as to fully develop the potential of modern rail service in meeting the Nation's intercity passenger transportation requirements." . . . That purpose is as necessary today as when the act was adopted.

In my home State of Connecticut the cutbacks which are scheduled to go into effect on October 31, 1977, will have a significant impact on the people who rely on Amtrak's service. Amtrak plans to cut 18 trains from the 43 presently servicing Connecticut, an overall reduction of 42 percent for the State. Those individuals now using between New Haven, Hartford and Springfield will have their service cut by more than half. In fact, service through Connecticut, connecting New York and Boston, will be cut 36 percent. My colleagues from the States of New York, Pennsylvania, Massachusetts, Illinois, California, Montana, and Florida are aware of the impact the proposed cuts will have upon rider service.

In conclusion, I would like to express my concern over Amtrak's announcement last weekend of its new five year plan for the "enhancement" of the overall system. It is particularly inappropriate in my opinion that these new improvements should be proposed by Amtrak at the very same time they are announcing cutbacks of essential passenger service.

Among other proposals, the new five year plan calls for the purchase of 380 new low-level passenger cars and the upgrading and improvement of certain Amtrak stations. To implement these proposals, Amtrak will request for fiscal year 1979 \$613 million in operating funds and \$341.4 million in capital funds. This represents a 25 percent increase in operating funds appropriated for Amtrak for fiscal year 1978 and a 216 percent increase in capital funds that Amtrak received in its appropriation for fiscal year 1978.

Mr. Chairman, there is no question in my mind that given a choice between a passenger car which costs between \$300,000 and \$400,000, and the continuation of essential passenger service, that our obligation is to continue service. It is my hope that your hearings will shed some much needed light on Amtrak's operation which will help re-establish passenger service as Amtrak's highest priority function.

Thank you Mr. Chairman for the opportunity you have given me to express my opinion on this most important matter.

Mr. ROONEY. We will now hear from our distinguished colleague from the great State of Montana, the Honorable Max Baucus.

#### STATEMENT OF HON. MAX BAUCUS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MONTANA

Mr. BAUCUS. Thank you, Mr. Chairman. I too ask unanimous consent to submit my statement for the record.

Mr. ROONEY. Without objection.

Mr. BAUCUS. Mr. Chairman, I join Mr. Dodd from Connecticut in complimenting you for holding these hearings. They are essential because I think Members of Congress and many Americans are very frustrated with Amtrak's operation and the management of Amtrak. I would like to briefly cite two inconsistencies in their operations which I think are indicative of the main thrust of Amtrak's seeming confusion.

First, it is the policy of Amtrak, and certainly, the policy of its president, Mr. Reistrup, not to cut daily service to two or three times a week.

He prefers to find some other solution when there is a problem route. Yet, in my State of Montana Amtrak announced it will discontinue daily service and use one route three times a week, another four times a week. This is in direct opposition to the president's pronounced wishes.

Second, Mr. Chairman, when I asked Amtrak why they were cutting their routes in Montana, their response in a letter to me was that it was based solely on economic reasons. Yet during the Appropriations Subcommittee hearing held just a month ago when I asked Amtrak again why they cut in Montana the answer was 60 percent because of lack of winterized equipment and only 40 percent because of economic reasons. Again an inconsistency in Amtrak's earlier statements.

I guess, Mr. Chairman, I am frustrated and I am confused. I think a lot of Americans are, a lot of Members of the House and Senate are. It is my hope that you and your subcommittee and full committee will be able to come up with a way to force more accountability in Amtrak, to give more assurance to Members of the House and Senate and to the American people that Amtrak is in fact doing what it is supposed to do—serve people.

I have a unique problem in Montana. Montana is a very rural State. We have vast distances. There are very few alternate forms of transportation, very little surface transportation. We feel that we have a situation where we desperately need rail passenger service because in many cases there is no other passenger service of any kind. In short, we encourage you to undertake that very difficult task of encouraging and forcing more accountability.

I thank you, Mr. Chairman.

Mr. ROONEY. Thank you, Mr. Baucus. Like Congressman Dodd, you have been in touch with me on many occasions regarding Amtrak and its service to Montana. Perhaps by the end of the day we will have some of your questions answered.

Mr. BAUCUS. Thank you, Mr. Chairman.

[Congressman Baucus' prepared statement follows:]

STATEMENT OF HON. MAX BAUCUS, A REPRESENTATIVE FROM THE STATE OF MONTANA

Mr. Chairman, I would like to thank you for permitting me to appear before you today. I would also especially like to thank this subcommittee for their attempt to get to the root of the problems which Amtrak currently faces.

As a relative newcomer in dealing head on with Amtrak, I must confess that, quite frankly, I am appalled by the manner in which Amtrak handled its recent budgetary crisis.

It is the inconsistencies involved with the recent cutbacks—and the lack of any formalized manner of dealing with frequency reductions—which are my main concerns.

To cut routes frequency almost across the board is not ever consistent with President Reistrup's philosophy of how to run trains that make money. He has made no secret of his opposition to frequency reductions. And yet, rather than developing alternative procedure which would require this action only on a minimal basis in the face of economic cutbacks, we see Amtrak making across-the-board frequency reductions on all long distance trains. I am confused.

On August 22, I wrote to Mr. Reistrup and requested information about the basis on which service to my State was to be cut almost in half. I requested:

(1) A detailed economic justification for the cutback.

(2) A firm date for when the cutback will be ended if cost and ridership figures do not show a major economic advantage.

(3) Current cost and ridership figures with your projections of what will be saved if ridership does not suffer, your projections of how ridership will suffer, and what will be saved if ridership suffers according to your projections.

(4) A detailed explanation of what social and environmental factors will be taken into account and how they will be weighed into your decision.

I was dismayed by the response. On September 8, Amtrak replied with the following:

"We anticipate the annual savings from the reduction in frequency on the Empire Builder and the North Coast Hiawatha will cost \$7.5 million. We do not expect additional housing costs for crews to be significant, as many overnight at one end already.

"We have not yet established a firm date for a resumption in frequency on these routes. We will watch ridership patterns and revenue projections along both routes very carefully.

"We did not make a study of the social and environmental factors as this was simply a matter of budgetary restraints.

"I will have to obtain the answer to your third question (ridership figures and projections) from another office and will be back in touch with you on that at a later date."

I further questioned Amtrak's reasons when they appeared before the Transportation Subcommittee of the Appropriations Committee. My main concern was that Amtrak had failed to figure in the human and social costs of reducing service in areas with almost no transportation alternatives. Amtrak again stated that the cuts were based purely on economic savings.

During that same meeting, Mr. Reistrup stated that 60 percent of the reason he sought the cuts along the Montana routes was because our new equipment had not yet arrived, and that he would not continue to operate older equipment during our harsh winters. Does this mean that our routes would have cut back regardless of Amtrak's economic problems? Again, I am confused.

Amtrak has established that Route and Service Criteria do not pertain to frequency reductions. I feel that it is now time that we in Congress either determine that they do apply, or develop a separate set of criteria for frequency reductions.

Congress has not met with much success in creating quasi-private institution. Amtrak certainly does not come across as a shining example of how government sponsored corporations become profitable and operate without federal support, and I certainly see the need for new Congressional instructions for Amtrak.

I would like to thank Mr. Santini, who spoke yesterday on the need for a national transportation policy. I fully agree, and truly hope that passenger rail service can be a viable component of such a plan.

My constituents need Amtrak, but they also need consistent justifications concerning any changes in their Amtrak service. It is my hope that this subcommittee will take steps to insure consistency and accountability.

Thank you Mr. Chairman.

Mr. ROONEY. Without objection, the Chair wishes to place in the record, as though read, the statements of Congressmen Lionel Van Deerlin of California, Charles H. Wilson of California, and Glenn M. Anderson of California.

**STATEMENT OF HON. LIONEL VAN DEERLIN, A REPRESENTATIVE  
IN CONGRESS FROM THE STATE OF CALIFORNIA**

Mr. VAN DEERLIN. Mr. Chairman, members of the subcommittee: If Amtrak is to succeed anywhere, it should be in places like the densely populated Los Angeles-Orange-San Diego corridor in southern California.

We are prisoners of the automobile, and Amtrak promises at least a measure of freedom. As Mr. Ring of the Los Angeles County supervisors pointed out to you yesterday, the number of "interregional" auto trips in the San Diego-Los Angeles corridor now approaches a staggering 50 million annually.

But Amtrak is moving up also. In August, the trains carried 78,448 passengers, a record high for the month and a 57-percent increase over the 49,896 passengers carried in August 1976. Amtrak is now operating five round trips a day between the two cities compared with just three round trips a year ago. The 5-year master plan issued this week proposes that the frequency of this service be increased to seven round trips a day.

Certainly the demand is there. The fact that passenger rail service is not flourishing as one might expect in a region where it is so obviously needed is due to bureaucratic footdragging and an ongoing dispute over what constitutes "commuter" service.

As Mr. Ring made clear, the County of Los Angeles feels it has been let down, badly, by stumbling blocks thrown in the way of a long-planned county-operated run between Los Angeles and San Diego. The Los Angeles officials thought they had a commitment from Amtrak more than 3 years ago for establishing this needed new service. But up to now, the Santa Fe Railroad has been able to block the plan, notwithstanding that Los Angeles has invested more than \$2 million in buying and refurbishing the cars for this train.

Los Angeles and Amtrak maintain the proposed service would allow visitors and business people to travel to Los Angeles and return to San Diego at a good hour, instead of in the middle of the night, and it would also help "through" travelers make connections in Los Angeles.

Santa Fe, nevertheless, has been able to take advantage of language in the existing Amtrak law to oppose the new service as being "commuter" based, and therefore not a legitimate part of the Amtrak program.

In my view, this type of service should be legal under auspices of Amtrak. If necessary, the law should be revised—starting right here in this subcommittee—to permit this type of undertaking by public agencies such as the counties of Los Angeles and San Diego.

The local governments already agreed, as required by law, to meet two-thirds of whatever operating deficits ensue from the proposed service, which would leave San Diego around 5 each weekday morning, arriving in Los Angeles at about 8. Return trips would depart Los Angeles around 5 p.m., returning to San Diego around 8 p.m. In short, it would be convenient—so convenient, in fact, that some years ago Santa Fe itself operated a similar service on about the same schedule with the same stops en route.

Santa Fe evidently saw fit to abandon this service to make way for more lucrative freight traffic. We should make sure that people continue to take precedence over freight.

**STATEMENT OF HON. CHARLES H. WILSON, A REPRESENTATIVE  
IN CONGRESS FROM THE STATE OF CALIFORNIA**

Mr. WILSON. Mr. Chairman, I appreciate this opportunity to express my views on the Los Angeles-San Diego commuter train.

In view of the nationwide effort to emphasize mass transit versus private transportation, the evolution of a mass transit system in southern California should be inevitable. A commuter service along the heavily traveled Los Angeles-San Diego corridor is a critical commitment to that evolution.

As my colleague from California, Glenn Anderson, has already testified before this committee, the commuter service would be a tremendous boon to every southern California citizen. It has other bonuses as well: Conservation of energy, and reduction of freeway congestion and smog.

So far, Los Angeles County has invested \$2 million for the purchase and maintenance of the proposed system's eight train cars. They are now in storage and I would urge this committee, the Santa Fe Railroad, and Amtrak resolve their technical difficulties so that the system is in operation as soon as possible.

I regret that I was not able to deliver this testimony in person, but I hope that it will be part of the committee record and indicate my strong support for this system. I look forward to the continued cooperation of you, Mr. Chairman, and subcommittee members.

**STATEMENT OF HON. GLENN M. ANDERSON, A REPRESENTATIVE  
IN CONGRESS FROM THE STATE OF CALIFORNIA**

Mr. ANDERSON. Mr. Chairman, I would like to thank you for allowing me to present my views before your subcommittee prior to the testimony of Amtrak President Reistrup.

With your assistance I think Amtrak has agreed to initiate that rail service for commuters between Los Angeles and San Diego.

Should I find that Amtrak is hedging on this promise to the county of Los Angeles, I will certainly let you know.

I appreciated your kind words regarding my efforts regarding transportation policy. I only hope that we can both continue doing our part to improve this country's attitude toward all modes of transportation.

Mr. ROONEY. You may begin, Mr. Reistrup.

**STATEMENT OF PAUL H. REISTRUP, PRESIDENT, NATIONAL RAIL-  
ROAD PASSENGER CORP. (AMTRAK), ACCOMPANIED BY DON  
BRAZIER, VICE PRESIDENT, FINANCE, AND JOHN LOMBARDI,  
DIRECTOR, STATE AND LOCAL AFFAIRS**

Mr. REISTRUP. Mr. Chairman, after yesterday I hope today will turn out to be a pleasure to be here.



I have not changed. I am going to address the issues today just as I have in the past. I know of no other way to deal other than in a forthright manner. I do like to shed light on all of the facts on a subject, not just part of them, which I think was in some cases the situation yesterday.

This committee has been very supportive of Amtrak and the authorizing committee in the Senate has also. We appreciate that. Whether or not we have achieved all of your goals, we have tried to do what you have told us to do. However, we do not always get the money from the appropriations process, from the administration and the Appropriations Committee, that you authorize. That is the case this year. My statement which I would ask be included in the record in its entirety, does go over a little bit of the history but I will skip that.

I do want to point out one thing that has become more evident to me in my 2½ years here and that is that we have a managerial generation gap. I am one of the minority who are in my age group at Amtrak, because the passenger business on the railroads was dying. That is why you formed Amtrak. I have a group—including at my personal staff level and it runs throughout the organization—of people at the senior end of their career, in their mid-sixties, and then we jump all the way down to very young people. I was one who advanced rather early, at age 31 a department head, so I support having youth out there. But I must say we have to have experience also when operating a fast railroad such as we have in the Northeast corridor, running 105 miles an hour with the Metroliners. We have been able to do it safely but I do want to point out that managerial gap.

In reflecting on these hearings I read a letter from the Department of Transportation in 1970 to the White House and recalling my concern—I was then in the freight business in 1970—that those who formed Amtrak, including this Congress, didn't know what they were getting into. It was interesting to review some of the statements made. These are also covered in my formal statement [see p.—]. I think the most interesting point made was that there was a hope that there would not be a continuing Federal involvement. In fact it wasn't expected. Anyone who knew the nature of the business I think was badly misled in that case. There also was a statement that there would be very little risk in this business and I think that was also a serious mistake. Again, that is all history.

Since that time Amtrak has added a lot of service. When Amtrak started, the route structure was roughly 24,000 miles. We have added to that. It is now over 28,000 miles. There are 34 States that have had added service since Amtrak was formed, including international runs to Canada. We have three trains that go to Vancouver, British Columbia, and to Montreal. One to Vancouver and two to Montreal. We have some of these added trains operating with State support under section 403(b) of the act.

Now much of this added service has been through thinly populated areas where, as Congressman Baucus mentioned, there is not as much alternative transportation. The airplanes don't have frequent service to Billings, Mont. I know that. For that reason we tend to be more an important part of those communities. But there just aren't the



people out there, the population, to populate our trains. Therefore, the ridership per train-mile is relatively low and that brings about the question on these long-distance trains.

I think it is important to realize that the people aren't traveling that long a distance on these long-distance trains. Much of the year only 1 percent of the total ridership goes all the way. Mr. Florio mentioned riding on the Coast Daylight-Starlight when he was out West. That happens to be our heaviest-traveled long-distance train. In the recent fiscal year, not this one that just closed September 30, but the one prior to that, we handled 440,000 people on that one train. But they are not going to the end points. My latest check indicates 3 percent went all the way. The others are getting on and off, on and off. San Luis Obispo, San Jose, and so forth. I think the nature of this business needs to be considered very deeply by the committee.

Mr. FLORIO. Mr. Reistrup, "the heaviest" is kind of a relative term. How much money do you lose on that run?

Mr. REISTRUP. That route is fairly good. On a direct basis—this is based on out-of-pocket expenses—it actually contributes money, a couple million dollars. But when we allocate the maintenance expenses, the yard in Los Angeles and so forth, it loses, as does everything else—Mr. Brazier is looking it up here—\$6 million is the avoidable cost, which includes allocation of maintenance expenditures.

Mr. FLORIO. Do the officers of Southern Pacific regard the existence of the train as being very, very unwise? They point out, as I pointed out, that anyone who is traveling from one point to another could do it by airplane for the most part and save money and certainly save substantial amounts of time. But I understand the point you are making.

Mr. REISTRUP. I would agree that air service is very competitive from the bay area to Los Angeles, but from Santa Barbara to San Jose—and I think this is the point that needs to be addressed—many people seem to want to ride it, and I agree with what you have said, but 440,000 of them did last year.

The situation with respect to the budget is what we are really here for. This committee, along with the Commerce Committee of the Senate, agreed to an authorization of \$545 million. Amtrak's appropriation request was not quite that high. It was \$534 million.

Now I am not going to be party to this sometimes-played game of asking for more money than we need. We estimate—and I have to my left Don Brazier, our vice president of finance—we calculate as closely as we can what it will cost to run the service that we are running and any expected additions. In the case of last year's budget that addition was the Boise train, a long-distance route. Salt Lake City, Ogden, and then on up to Portland and we extended it to Seattle, using an existing service that was there. But we also assumed that one route would be eliminated or restructured to bring about a saving in operating requirements through the route criteria process.

The Office of Management and Budget recommended something on the order of \$460 million. The Ford administration recommended \$490 million. That was raised at the 11th hour to \$500 million by the new Carter administration. We never did formally change our request to Congress, and the record will show that. Some of my board mem-

bers are very concerned that we even agreed to try to live with the \$500 million. I think you will find that the record is clear that there would have to be adjustments made to make ends meet and live within that \$500 million. When the appropriations process was completed in conference between the Senate and the House, we were given \$488.5 million. The report language states that we were to use the route and service criteria and that \$488.5 million was supposed to be enough money to last for the entire fiscal year.

Now once that bill was signed we at management began to work. We, in effect, took managerial actions, just the same as I have done in my twenty years in this business, to make ends meet. We try to do the same thing at home, also. What we did basically was try to save the most money we could while having the least effect on revenue—a maximization, an optimization.

Some of the rains that were proposed to be cut actually hurt me deeply, personally. One of them was mentioned yesterday, the Palmetto. That at one point was called Reistrup's Folly. That is the New York-to-Savannah, Ga., train, equipped with the new Amfleet. I thought we might try to see if we could see that short-distance equipment serve a long-distance run and provide day service in spite of the fact that the range of this equipment was supposedly limited to 500 miles. The train has been successful. It has been very well ridden, particularly in the summer and on weekends. When we reduced that to a weekend operation—actually that went into effect on September 8—it hurt me.

Another one that concerned me in the proposed reductions for October 30 was the early-morning New York and Boston trains in both directions which serve Connecticut. The philosophy was that since we handle so many people in the New York-Washington sector early in the morning that we ought to be able to do it at the north end, and we did not have that service pattern. The train has not generated a significant amount of ridership although it was in some ways good, but it did lose money out of pocket, so it has been proposed to be reduced. I would hope that that would be one of the earlier ones to go back on if we do get some additional money.

Now to the question of whether or not we use the route criteria—page 1 of the route criteria, which was allowed to go into effect by Congress, states that the route and service criteria is to be used for the determination of a new route or the elimination of a route. It is very clear that this does not deal with frequency.

To be very clear at this point I would ask that that page be placed in the record because it is a concise statement of what that criteria says. Whether it is right or wrong, I consider that—and I am so advised by counsel—to be administrative law, and we are living within it.

Mr. ROONEY. Without objection, so ordered.  
[The document referred to follows:]

Excerpt from "The Criteria and Procedures for Making Route and Service Decisions", submitted by the Board of Directors of the National Railroad Passenger Corporation in compliance with Public Law 94-25, The Amtrak Improvement Act of 1975--October 29, 1975]

# 1 - INTRODUCTION

On May 26, 1975, the Congress passed the Amtrak Improvement Act of 1975 (the Act). One key provision of the Act was to assign responsibility for route and service decisions to the Amtrak Board of Directors - thus giving Amtrak, for the first time, responsibility for proposing its own future corporate development. However, to assure that all parties concerned with the future of intercity rail passenger service would understand how Amtrak intended to exercise this new responsibility, the Congress also required that Amtrak publish the criteria and define the procedures it would use in making route and service decisions.

This report, which has been prepared in response to that congressional requirement, describes the criteria and decision-making process Amtrak proposes to use (Chapters 2 and 3, respectively).\*\* As an introduction, this first chapter discusses:

- 1 The approach taken by the Board in defining the criteria and procedures Amtrak will use in making route and service decisions
- 2 The ways in which route and service decisions were made in the past - an historical review that provided insights to the Board in arriving at the criteria and procedures proposed in this report
- 3 The specific requirements imposed by the Amtrak Act of 1975
- 4 Those facets of Amtrak's mission that guided the final selection of criteria.

\* - In this report, the Board will use the term "routes and services" to refer jointly to the established course of travel the train follows and to the package of services Amtrak provides over the course of travel. The criteria and procedures described in this report pertain to decisions to add routes which previously lacked any service, or to discontinue a route. The Board would not necessarily use these criteria and procedures for making routine service changes (e.g., frequency changes) which would retain some service over a route; the Board has held that responsibility since Amtrak's establishment, and the responsibility was not changed by the 1975 Act.

\*\* - The criteria and procedures included in this report can be applied to all of Amtrak's routes and services, importantly including the Northeast Corridor.

Mr. ROONEY. If you get this additional \$56.5 million are you going to reinstate all the routes that you have suggested be curtailed?

Mr. REISTRUP. Substantially all, Mr. Chairman. There would be a few runs that clearly should have been adjusted anyway. One I am thinking of carried 11 people, on the New Haven-to-Springfield line. With a rescheduling we can accommodate everyone safely. There would be very few of those. Substantially all of the service would be restored.

In approving the service reductions we followed this philosophy because I do use the board of directors on all policy matters—I work for them and I have involved them deeply in this type of situation. Any scheduled frequencies that management had, in my tenure of 2½ years, adjusted, that is, added or reduced, such as the Palmetto, management made that sort of decision, and we did it again. If it were a new service reduction—the Montana service being an example—I presented that to the board and asked them to vote on it. In the board deliberation on the Montana service there was clearly stated our concern that the delivery of the new cars for western service—the bilevel cars from the Pullman Company—that these new cars would not have arrived by the time of severe winter weather, and we were both trying to save money and also insure a reliable service up in that cold climate. We use steam-heated cars up there at the present time. Last winter 300 of those froze up during severe weather. It is snowing already in the Twin Cities. We have a wintry railroad up there.

Now the board voted, and we can provide you for the record, if you would like those details on all the specific frequency changes that management had never involved themselves in before.

There was one additional vote and that was on a train that Congressman Pickle is interested in. Management had increased that train to a daily service to see if it would do better. This is the Inter-American that runs from Chicago to St. Louis through Dallas and Fort Worth to Laredo, Tex. The board actually took a vote, it was very close, 3 to 2, in favor of reducing that frequency. That also was done September 8. I came close to being overruled. Had the railroad members of the board been allowed to vote the train would be running daily today, but they were disqualified because this was a railroad operating matter and they could not vote on it. So, you can see how divided the board is.

Mr. ROONEY. How did you vote on it?

Mr. REISTRUP. To reduce it, because it actually handled fewer people on a daily basis—fewer passenger miles—than it did running 3 days a week. It is unexplainable.

Mr. ROONEY. I thought you told me that management was the one that put the train on full time and yet you voted to reduce it.

Mr. REISTRUP. We felt we would do much better than that and we guessed wrong. It was a marketing experiment and we guessed wrong.

I hope this explains to you how this process works. We tried to do the best we could do in the time allotted us. We would be in the situation, if we took no action, of actually spending beyond our means at a deficiency rate. I am not going to do that. We actually were complying with the appropriations language, in the spirit and the letter of the law.

Now we have several trains that are in the route criteria process. As Mr. Gallamore mentioned yesterday, one of them has been restructured, and the loss has been cut by about half. That is a train that runs from here out into West Virginia and on to Kentucky.

The big train now in the process, and it is our worst loser, is undergoing a series of hearings right at this moment. The train is called the Floridian. It runs from Chicago and sort of meanders around the south in a circuitous way and ends up in Miami and St. Petersburg. It has been detoured twice because of track conditions on the former Penn Central in Indiana. It does not serve Indianapolis as it should. It really is an unsatisfactory route as it now exists. The hearing process is considering not only total elimination but also the possibility of re-routing it through the population center of Atlanta, which would really be, in my opinion, the only hope for the train. If it can't go through Atlanta, in my opinion, it should not run.

There are additional trains that are in the route criteria process. There are five tasks in this process and many of them are in this third task, which is to try to improve the service short of making the social and environmental judgments and considering discontinuance or re-routing. The improvement could include re-equipping, rescheduling, promoting it better, and all sorts of things like that.

Those trains that are being evaluated under the process in accelerated fashion I think should be provided for this committee and we will do that. We have a list of them and I won't take the time to go into it in detail.

Mr. ROONEY. Without objection.

[The following letter and attachment were received for the record:]

November 9, 1977



Dear Congressman:

The Appropriations Conferees have acted on Amtrak's request for supplemental funding to forestall further cuts in passenger train service. Our request was for \$56.5 million in additional support for fiscal year 1978, which would have permitted all scheduled trains to continue in operation throughout the fiscal year, including those which have already had frequencies of service reduced.

The Conferees agreed on \$8 million in supplemental funding, and the conference report instructs Amtrak to continue service or restore those frequency cuts programmed for October 30, while permitting earlier service reductions that went into effect in September to stand. The report also directs Amtrak to make no more service frequency reductions, but to accelerate the evaluation of whole routes under the congressionally approved Route and Service Criteria so that routes can be eliminated or "restructured", thus yielding the savings required to stay within the amounts appropriated for the fiscal year. The report rules out any further supplemental funding.

The Route and Service Criteria and Procedures is a multi-step formal process for evaluating routes first on economics, exploring possible service improvements for possible effect on future economics, and, finally, on social and environmental grounds. The final step if all tests fail can be the complete elimination of a route or routes. Public hearings are desirable but not mandatory, and, if the process is to be accelerated, will not be possible. The full process without public hearings will take an estimated six months to complete. Authority for decisions under the procedures is vested exclusively in the Amtrak Board of Directors.

One route--the first that has been put under the procedures--has almost reached the end of the process, and discontinuance has now been recommended to the Board by Amtrak management. This is the Floridian route, between Chicago and both coasts of Florida, via Nashville, Birmingham and Montgomery.

In order to comply with the requirement to reduce funding needs, other routes are now being considered for elimination or restructuring under the criteria. Because it will take us approximately half way into the fiscal year, savings will have to be such that approximately \$30 million will be eliminated from net operating costs for the months remaining in the fiscal year after the services stop. Accordingly, services costing approximately \$60 million to \$65 million on an annual basis must be selected for discontinuance.

In addition to the Floridian route already mentioned, the following other routes are being formally examined and are subject to discontinuance:

National Limited between Washington and New York City and Kansas City via Pittsburgh, Indianapolis and St. Louis.

The Lone Star between Chicago and Houston via Kansas City, Oklahoma City and Fort Worth and Dallas. (Dallas is served by a short connecting route, which would also be discontinued.)

The Lake Shore between Boston (and New York City) and Chicago via Albany, Buffalo, Erie, Cleveland and Toledo.

Seattle-Portland local service.

The San Joaquin between Oakland and Bakersfield via Fresno and Stockton.

The following routes are also included, but grouped together for purposes of analysis:

The Empire Builder and North Coast Hiawatha--two routes between Chicago and Seattle via Minneapolis. The Empire Builder, which is operated over what is sometimes called the "northern route," runs between Minneapolis and Seattle via Grand Forks, Havre, Spokane and Yakima. The North Coast Hiawatha operates via Bismarck, Billings, Butte, Spokane and Wenatchee. These two routes could be consolidated into one, operating over either the northern or southern routes, or both routes could be discontinued.

San Francisco Zephyr, the Southwest Limited, and the Pioneer. The Zephyr operates between Chicago and Oakland via Denver and Ogden. The Southwest Limited operates between Chicago and Los Angeles via Kansas City, Albuquerque and Flagstaff. The Pioneer operates between Salt Lake City and Seattle via Ogden (where connections can be made with the Zephyr service), Pocatello, Boise and Pendleton. Between Portland and Seattle the Pioneer operates as part of the Portland-Seattle local service

mentioned above. Preliminary indicates are that these three routes could be combined into a single route between Chicago and Ogden, with the routes splitting at Ogden and proceeding from there to serve Los Angeles, Oakland, and Portland-Seattle, the present three endpoints.

We wish to stress that if we were not to take these cost-saving actions--and the process must be initiated immediately--then Amtrak would face a severe funding crisis in July or August of next year. At that time, if the requisite savings have not been programmed, the only remaining option would be to shut down the entire system, including Northeast Corridor operations in their entirety.

Sincerely,

A handwritten signature in dark ink, appearing to read "Bruce Pike", written in a cursive style.

Bruce Pike  
Vice President  
Government Affairs



**National Railroad Passenger Corporation**  
**Financial Contribution and Contribution per Passenger Mile\*\***  
**Long Distance Routes: FY1977, FY1978 and FY1982**

	FY1977			FY1978			FY1982		
	Financial Contribution (\$000's)	Contribution per Passenger Mile		Financial Contribution (\$000's)	Contribution per Passenger Mile		Financial Contribution (\$000's)	Contribution per Passenger Mile	
(F) Seattle-Salt Lake	( 683)	(0.03)		( 4,380)	(0.11)*		( 6,412)*	(0.15)*	
(F) Chicago-Florida	( 8,674)*	(0.10)*		(10,968)*	(0.10)*		(15,215)*	(0.11)*	
(F) Chicago-Seattle (S)	( 8,250)*	(0.07)*		( 9,005)*	(0.09)*		(12,295)*	(0.09)*	
Chicago-Washington	( 6,143)*	(0.10)*		( 5,178)	(0.08)*		( 8,151)*	(0.11)*	
Chicago-Laredo	( 5,566)	(0.12)*		( 3,191)*	(0.08)*		( 4,967)*	(0.11)*	
Washington-Montreal	( 4,761)	(0.06)*		( 5,800)	(0.08)*		( 8,005)*	(0.08)*	
(F) Kansas City-NYC/Washington	( 5,576)	(0.06)*		( 6,496)*	(0.07)*		(10,831)*	(0.10)*	
(F) Chicago-Houston	( 6,391)*	(0.05)*		( 8,001)*	(0.06)*		( 8,895)*	(0.05)*	
(F) Chicago-Seattle (N)	(12,302)*	(0.06)*		( 7,889)*	(0.06)*		(12,349)*	(0.07)*	
(F) Chicago-NYC/Boston	( 4,776)	(0.04)		( 6,809)*	(0.06)*		(10,508)*	(0.07)*	
(F) Chicago-San Francisco	(11,280)*	(0.05)		(14,534)*	(0.06)*		(19,192)*	(0.05)*	
Los Angeles-New Orleans	( 3,956)	(0.04)		( 4,772)*	(0.04)		( 3,238)	(0.02)	
Chicago-NYC/Washington	( 5,282)	(0.04)		( 5,466)	(0.03)		( 9,097)*	(0.05)*	
Chicago-Los Angeles	( 5,474)	(0.02)		(10,373)*	(0.03)		( 7,785)*	(0.01)	
Los Angeles-Seattle	( 6,250)*	(0.03)		( 6,220)*	(0.02)		( 5,489)	(0.01)	
New York-Savannah	( 1,737)	(0.02)		( 1,242)	(0.01)		( 406)	(0.00)	
Chicago-New Orleans	( 1,373)	(0.01)		( 1,280)	(0.01)		( 2,530)	(0.02)	
New York-Florida	(18,326)*	(0.03)		( 7,178)*	(0.01)		( 7,686)*	(0.01)	
Boston-Newport News	1,262	0.01		1,354	0.01		4,713	0.03	

**Note: Asterisks (\*) denote route below standard for long distance routes:**  
**Financial Contribution:** (\$6 million) daily; (\$4 million) tri-weekly  
**Cont. per Passenger Mile:** (\$.05)

(F) Indicates routes which fail all current (FY78) and future (FY82) standards.

\*\*Forecasts include service reductions of September 8 and October 30, 1977.  
 Data Source: FY1978-82 Five Year Plan, adjusted for service reductions.

11/7/77

National Railroad Passenger Corporation  
Financial Contribution and Contribution per Passenger Mile\*\*  
Short Distance Routes: FY1977, FY1978 and FY1982

	FY1977			FY1978			FY1982		
	Financial Contribution (\$000's)	Contribution per Passenger Mile		Financial Contribution (\$000's)	Contribution per Passenger Mile		Financial Contribution (\$000's)	Contribution per Passenger Mile	
(F) Washington-Cincinnati	( 1,721)*	(0.15)*		( 1,265)*	(0.11)*		( 1,965)*	(0.19)*	
(F) Oakland-Bakersfield	( 1,472)	(0.11)*		( 1,454)*	(0.11)*		( 2,670)*	(0.19)*	
(F) Chicago-Milwaukee	( 2,011)*	(0.10)*		( 1,728)*	(0.09)*		( 2,582)*	(0.13)*	
(F) Seattle-Portland	( 1,454)*	(0.09)*		( 1,097)*	(0.07)*		( 1,649)*	(0.09)*	
Washington-Martinsburg	( 241)	(0.04)		( 334)	(0.06)*		( 560)	(0.10)*	
Seattle-Vancouver	( 490)	(0.06)*		( 452)	(0.04)		( 796)	(0.06)*	
Chicago-Dubuque	( 38)	(0.01)		( 192)	(0.03)		( 394)	(0.06)*	
Chicago-Detroit	( 1,296)*	(0.02)		( 1,827)*	(0.03)		( 2,836)*	(0.04)	
NYC-Buffalo/Detroit	( 3,167)*	(0.03)		( 3,348)*	(0.02)		( 5,684)*	(0.04)	
Chicago-Carbondale	( 416)	(0.02)		( 469)	(0.02)		( 804)	(0.03)	
New York-Montreal	( 233)	(0.01)		( 392)	(0.01)		( 667)	(0.02)	
Chicago-Port Huron	( 515)	(0.04)		( 186)	(0.01)		( 574)	(0.03)	
Chicago-St. Louis	( 396)	(0.01)		( 404)	(0.01)		( 917)	(0.02)	
Minneapolis-Duluth	87	0.01		( 50)	(0.01)		( 207)	(0.03)	
Chicago-Quincy	15	0.00		( 50)	(0.00)		( 256)	(0.01)	
Los Angeles-San Diego	( 380)	(0.01)		672	0.01		870	0.01	

Note: Asterisk (\*) denote route below standards for short distance routes:  
Financial Contribution: (\$1 million)  
Cont. per Passenger Mile: (\$.05)

(F) Indicates routes which fall all current (FY78) and future (FY82) standards.

\*\*Forecast include service reductions of September 8 and October 30, 1977.  
Data Source: FY1978-82 Five Year Plan, adjusted for service reductions

11/7/77

National Railroad Passenger Corporation  
Financial Contribution and Contribution per Passenger Mile\*\*  
Northeast Corridor Routes: FY1977, FY1978 and FY1982

	FY1977			FY1978			FY1982		
	Financial Contribution (\$000's)	Contribution per Passenger Mile		Financial Contribution (\$000's)	Contribution per Passenger Mile		Financial Contribution (\$000's)	Contribution per Passenger Mile	
(F) New Haven-Springfield	( 1,087)*	(0.11)*		( 585)*	(0.06)*		( 424)*	(0.03)*	
(F) Philadelphia-Harrisburg	( 907)*	(0.02)*		( 728)*	(0.02)*		( 1,298)*	(0.02)*	
NYC-Philadelphia	( 3,150)*	(0.02)*		1,594	0.01		213	0.00	
NEC Conventional	6,447	0.01		11,303	0.02		38,787	0.04	
Metroliners	16,613	0.05		19,359	0.06		31,111	0.08	

Note: Asterisks (\*) denote route below standard for Northeast Corridor routes:

Financial Contribution: \$ 0

Cont. per Passenger Mile: \$ 0

(F) Indicates routes which fail all current (FY78) and future (FY82) standards.

\*\*Forecasts include service reductions of September 8 and October 30, 1977.

Data Source: FY1978-82 Five Year Plan, adjusted for service reductions.

11/7/77

MR. REISTRUP. My quarrel with the situation that we are faced with today is that we find that accountants, including OMB, are writing national transportation policy. This side of Congress, the authorizing committee, is telling us to run more service, better service, serve the public, and yet we are not provided with the funds authorized. We cannot keep running up bills without the ability to pay them and that is why we took the action we did to make the immediate savings.

We did not play favorites on routes. My count is that 360 congressional districts were affected by this series of reductions that have already gone in and those that are proposed to go in on October 30. If there is not some additional funding coming forth there will have to be some further cuts. We will not only use the route criteria process, which requires my Board to act—I can only do what they say, the Board has the authority for the route criteria process—but there also will be additional frequency reductions, and I think that the next round will go beyond the point of prudence and will actually in many cases be counter-productive. We will actually be losing a lot of revenue in those cases, for example, by losing mail contracts.

I think I would like to dwell on that for a moment. Our mail business has grown rapidly. We have a very fine man in charge of it. He runs a one-man band. He does it, basically, himself. He has built the business up to \$10 million on an annual basis. One reduction of frequency to the West Coast, for example, to three times a week would lose a quarter of that mail, which would be equal to all the 2-21 revenue that he has been able to increase in the past year.

Something that I would like to point out is that in spite of the support this committee has given us, we have not received the capital to replace the older equipment on our heavily traveled routes that have the tunnel restrictions, mainly in the eastern United States. Our latest analysis of our complaints shows that we have three times the complaint ratio on the trains with this ancient equipment than we do on the new. It is roughly 30 per 10,000 riders on the old and it is 10 per 10,000 riders on the new equipment.

We have found that the new equipment does increase ridership but frequency is more important than that. The most important thing is frequency of service, the availability of it, but the new equipment does give us a one-time increase in ridership of roughly 25 percent. We have found this in spreading the Amfleet over the United States.

MR. FLORIO. Mr. Reistrup, could you in any way respond to the ICC report yesterday that complaints had gone up, I think it was, 13,000 over 8,000 in the preceding 12 months. What would you attribute it to?

MR. REISTRUP. I would attribute it to several things. One is what Chairman O'Neal mentioned, the cold winter and the fact that our trains were running very erratically during that period of time, December, January, February, March. That was worsened by the fact that we had a series of derailments in which a locomotive was suspect. Finally, arbitrarily I took it upon myself, as a safety measure, to order a slowdown of the trains. One railroad had done it previously but I actually did it all over the United States, and then railroad by

railroad we analyzed the speed at which the locomotive should operate and then we published the lengthened schedules. Before that, we had trains that were running 8, 12 hours late. The worse I heard of—somebody thought the train was ahead of time and it was actually 23 hours, 55 minutes late. This was the National Limited. It was just a terrible period of time.

I will tell you something. We saved lives and that is the sort of responsibility that I will take, and we took the safe action. Those trains have been rescheduled and therefore our ontime complaints have dropped recently. We are running right now on our western service roughly 80 percent or 83 percent on time.

Now the other is the temperature control. That is the greatest number of complaints we have. These are on the older cars basically and the Metroliners, which have a very unreliable heating and air-conditioning system.

Another concern I would like to point out. As I ride around the country, and I have now covered roughly 70,000 miles on Amtrak, my latest count—I have one gap that I have not ridden and that is from Nampa, Idaho, that is up north of Boise, to Portland, that little strip—everything else in this country I have ridden and much of it many times—I have found an improvement in many categories of our services, and I think the attitudes of the people are generally good. We are trying to weed out those who don't have the attitudes that are necessary to serve the public. We are also trying to train all of our people better. I have found equipment failures. In fact on my last sleeper trip I rode in a car that had no air-conditioning—the public on the train couldn't believe I would ride in it but I did—between Denver and Omaha. It is a little bit like a camp out on a hot night but I have experienced this, myself. I am not sitting in the office and not seeing what these people are subjected to. I did not file a complaint on that trip, by the way.

Mr. ROONEY. Mr. Reistrup, I would admonish you now—you have traveled 70,000 miles, you know the problems of Amtrak—I would admonish you now to stay in Washington and tend the store because that seems to be where the problems are.

Mr. REISTRUP. Well, I try to do both, Mr. Chairman, and I mix it up. I try to travel once a month and then I do a flurry of it. I have to get out and see the troops. I think personal leadership has played a great part in it. My own staff feels that more time is needed at headquarters.

My challenge is that I don't really have the deputies to help me in the operating side of the business. I have been unable to attract them to come to join me at Amtrak.

Mr. ROONEY. What seems to be the problem in attracting good people?

Mr. REISTRUP. Their attitude about Amtrak, the fact of hearings such as this, in the public arena—it is different from a private enterprise—and the money. I would say that people will do things even that aren't so pleasant for money but they won't take on this sort of thing with this public exposure, risking their careers—the kind I am

after are in midcareer—risking falling flat on their face for the kind of money that we are authorized to pay them. This is part of my reason for spending as much time as I do out on the line.

I want to ask that this committee, since we have just sent the 5-year plan up and I would assume that this will be part of the hearings for the next fiscal year, but I do believe that the 5-year plan should be made a part of this record, because we do present to the Congress and the administration what we feel is needed to run this thing right.

[The material referred to is in the subcommittee files.]

Mr. REISTRUP. I would hope personally that as we move forward we can rationalize the Amtrak system. I think that the route criteria process as we have used it in the past is too slow on a train-by-train basis. I think we ought to regionalize it. We have a program before our Board of Directors for doing this. We would hope in the next 4 to 6 months to really leap forward in this way and try to get more bang for the buck.

A real concern of mine, and I think this committee should be aware of it, is that we have two vacancies on our Board of Directors today. We have had them for over a year. There are times that we can barely get a quorum to do business. There is only one Presidential Appointee on the board whose term has not expired. We have a lameduck Board of Directors. We are very much in need of having the President of the United States appoint this Board and get them confirmed. Some of my Board members have actually filled their schedules, their calendars, so that there are conflicts, assuming they would not be on the Board. They have been informed, by the way, that they would not be reappointed, all but one, and there are conflicts now. It is very difficult to do business, particularly in this route-criteria field, with a lameduck Board.

Mr. FLORIO. To what extent would you say that that has caused difficulties in making management decisions?

Mr. REISTRUP. I would say it has become extremely significant during the last few months, particularly in this budgetary situation we are in. I, in effect, am supposed to be getting the route criteria decisions from the Board and the Board is totally undermined. This is about the time they were told they would not be reappointed. Anything you can do to help us—and I have tried personally, short of talking to President Carter, myself—by urging that these appointments get expedited, would be welcomed. If it is not done before Congress adjourns, we will go until January in this situation.

Mr. FLORIO. Mr. Reistrup, I have a list of the Board of Directors. Perhaps for the record if you could provide us with the information as to who is who and whose appointments have expired, that will be helpful.

Mr. REISTRUP. Yes. Mr. Dunlop is the only one whose term has not expired. His expires July 1978. We will provide that for the record.

[The following information was received for the record:]

## BOARD OF DIRECTORS—NATIONAL RAILROAD PASSENGER CORPORATION

- \*\* Dean Donald P. Jacobs (Chairman), Graduate School of Management, Northwestern University, 2001 Sheridan Road, Evanston, Illinois 60201.
  - \*\* Mrs. Benjamin T. Head (Vice Chairman), 808 Riverside Drive, Newport News, Virginia 23606.
  - The Honorable Brock Adams, Secretary of Transportation, Department of Transportation, 400 Seventh St., S.W., Room 10200, Washington, D.C. 20590.
  - The Honorable John M. Sullivan (Alternate), Administrator, Federal Railroad Administration, Department of Transportation, 400 Seventh St., S.W., Room 5424, Washington, D.C. 20590.
  - \*\* Gen. F. S. Besson, Jr. (Ret.), 1313 Kingston Avenue, Alexandria, Va. 22302.
  - Norman M. Lorentzen, President, Burlington Northern Inc., 176 East Fifth Street, St. Paul, Minnesota 55101.
  - \*\*\* Mr. Robert G. Dunlop, 1062 Rock Creek Road, Bryn Mawr, Pa. 19010.
  - Jervis Langdon, Jr., Esq., Alston, Miller & Gaines, Suite 1000, 1800 M St., N.W., Washington, D.C. 20036.
  - \* Mr. Charles Luna, London House No. 305, 1001 Wilson Boulevard, Arlington, Va. 22209.
  - \* Mr. Joseph V. MacDonald, Apartment 214, 5306 North Pueblo Avenue, Chicago, Illinois 60656.
  - Mr. Paul H. Reistrup, President and Chief Executive Officer, National Railroad Passenger Corporation, 955 L'Enfant Plaza North, S.W., Washington, D.C. 20024.
  - Mr. William J. Quinn, Chairman and Chief Executive Officer, Chicago, Milwaukee, St. Paul and Pacific Railroad Company, 874 Union Station Bldg., Chicago, Illinois 60606.
- (Two Vacancies) (Both Terms expire July 19, 1978)

Mr. REISTRUP. I would like to summarize if I may what I feel are the basic five points.

We have the 5-year plan before you. It is a moderately expansionary plan. I think this committee should address it.

Second, I have mentioned the need to rationalize the system to try to do a better job with our route structure and with the money that is provided us, not only by Congress but by the passengers.

Third, the whole budget structure should be strengthened so that we are not told to operate more than we have the wherewithal to do.

Fourth, I have mentioned the Board problem. I think that is probably one of the most important things that could be done to help us.

Fifth, I would hope that we could get a continuity of funding, once it is determined what Amtrak should be, and I don't quarrel with that. I think you and the administration ought to decide. With that continuity, then the type of management will be easier to attract. This is like a revolving door today, and a couple times a year we don't really know what is going to happen, and that is not the type of situation that bright people in the railroad business are attracted to.

I would like to close by quoting myself, and this comes from our own minutes of the Board of Directors, and it appeared in the press. Our board meetings are in the sunshine, by the way, except for personnel matters. I said, "If this country wants intercity passenger rail service as a viable travel option for its citizens, then its funding level should permit such a system to be developed and operated properly. If we don't want to build and support a properly operated system, then maybe we should eliminate it entirely." Mr. Chairman, thank you very much.

[Testimony resumes on p. 120.]

[Mr. Reistrup's prepared statement follows:]

\*Term Expired July 19, 1976.

\*\* Term Expired July 19, 1977.

\*\*\* Term expires July 19, 1978.

STATEMENT OF PAUL H. REISTRUP, PRESIDENT, NATIONAL  
RAILROAD PASSENGER CORPORATION (AMTRAK)

Mr. Chairman; Members of the Committee:

Not long ago, Mr. Chairman, you and I had an exchange of correspondence in which we both agreed that the time had come for a long look at Amtrak in perspective--at the problems, the progress, and the future of our national rail passenger system. This committee has always been the friend of intercity passenger train service. You have taken us at our word when we have brought you our estimated funding requirements. You have supported capital improvements for our equipment fleet and for stations and maintenance shops and even some track improvements. You have helped us become a real operating railroad in the Northeast Corridor between Washington and Boston. You have supported a major improvement program for this corridor and expressed support for other improvements nationally.

Amtrak in turn has always tried to be absolutely honest and responsible with this committee and the Congress. We have not played the Washington game of coming before Congress with inflated requests for operating funds or unrealistic requests for capital-improvements grants. In our estimates of needs we have always tried to tell it like it is. Reductions in funding mean reductions in service. And reduced capital funding means continued and worsening problems with unreliable equipment, depressing and unsafe stations, and higher costs.

Let's look at the record. In 1971 Amtrak took over a dying business. Not counting the 61-car Metroliner fleet, only a handful of the passenger cars then in use were newer



than 20 years old. The equipment supply industry had disintegrated. Stations and other passenger facilities were crumbling. The major railroads in the Northeast, over whose facilities we were to operate, were bankrupt or on the edge of bankruptcy, and other lines in the Midwest were in trouble. Efforts by the railroads to actually compete with other modes for passengers had with very few exceptions ceased years before. Morale in the passenger service was at rock bottom. Management talent was going elsewhere and among the ranks of hourly employees there was no infusion of younger personnel. The old timers just kept getting older. I thank heavens today that some of these older employees are still with us. But out riding the trains--and I have ridden 70,000 miles on Amtrak in the past 30 months--one is struck today by fact that we have, in management and in the ranks, a sizable group of men and women with invaluable experience but all very near retirement age, and a larger group of very young employees, full of enthusiasm or at least hope, but lacking that one qualification--experience-- that only time can bring. Out on the railroad today we have a whole missing generation, and this is just one price we are paying for coming so late to the rescue of our national rail passenger service.

By 1970, Congress was well ahead of the Administration in realizing that action was overdue if the trains were to be saved. I was just recently rereading a letter, dated, February 18, 1970, from the Department of Transportation to the White House, calling attention to

the problem and asking White House support for a legislative approach for something called "Railpax", which, with the guidance and support of Congress, later actually became Amtrak.

In the letter, a combined public-private approach was suggested, and a corporation was to be formed, capitalized by the railroads, which would be relieved of the responsibility for operating the trains. The railroads' share was to be approximately the amount of one year's losses. "The Federal financial role," the letter continues "would be limited to providing the corporation with \$40 million in cash plus an additional \$60 million in standby loan guarantees for equipment purchases."

"With this initial capital," the letter continued, "Railpax should be able to establish modern, relatively high speed service that would emulate the Metroliners in the most promising corridors. All other routes would be equipped with completely rebuilt cars. Trains would be operated in corridors and long-haul routes serving more than 40 states and all regions of the country. It is expected that the corporation would experience financial losses for about 3 years and then become a self-sustaining enterprise."

It is well to remember that in 1970 the railroads were losing approximately one half a billion dollars annually in operating intercity passenger service, and this is in 1970 dollars. My purpose in citing those early expectations is not to second-guess those who had to struggle with the problem of finding and then "selling" a solution to the passenger trains problem. It is only to give perspective. Many in the

Congress who were here in 1970 didn't think that \$ 40 million was going to do it, and many of you said so. But that was Amtrak's birthright: \$40 million in operating funds and the responsibility for finding a national solution to a business that had fallen apart for a whole generation and was losing a half-a-billion a year in operating losses.

How has Amtrak done since then, in a business that does not make a profit in any country of the world? Since 1971, Amtrak has been given slightly over \$2 billion in federal operating support--that's an average of \$344 million a year. (That's also averaging-in the cumulative inflation since 1971.) For capital improvements we have been given \$1.2 billion--or \$206 million a year. I think it is important to point out that Amtrak funding has never exceeded 1.4 percent of the nation's transportation budget.

I should also note that since 1971 we have added routes or trains in California, Oregon, Washington, Idaho, Utah, Georgia, Nevada, Wyoming, Montana, Colorado, North Carolina, North Dakota, Minnesota, Texas, Arkansas, Iowa, Missouri, Illinois, Michigan, Kentucky, Indiana, West Virginia, Ohio, New York, Maryland, Wisconsin, Virginia, Pennsylvania, New Jersey, Delaware, Connecticut, South Carolina, Massachusetts, and Vermont. That's 34 states. We have also added Amtrak service in the Canadian provinces of Quebec, Ontario, and British Columbia. Some of these added routes or trains were put on with state funding support, but even these have increased our deficit.

Amtrak has said that we will operate trains and routes as we are instructed to by law, subject only that the funding

be provided. We have also said we should be operating more trains, not fewer. Members of this committee have also favored more service. In too many markets we hardly are there at all, because the trains go through at the wrong times. If trains are going to operate on overnight runs, that means some places get 3 a.m. service. More trains also spread the fixed costs. We should have agents at our stations, but paying agents to handle only two trains a day--or even fewer--simply isn't economical. And the large overhead items tend to continue regardless of the number of trains running.

I have said before and I repeat here that it is my conclusion that we should not be operating service on any route on less than daily frequencies, and I think two times a day in each direction is even better. I might add that I can support an amendment requiring experimental trains to operate on at least a daily basis, but again, only if the funding is provided. In any "corridor," I do not think we should be operating fewer than three services a day each way, and I think the optimum is about five roundtrips daily.

And yet here we are today, causing problems for ourselves as well as for members of congress who are expected to represent their constituents as well as the national interest, cutting frequencies all across the country to less-than-daily service, and thinking about the possibility that some routes may have to be cut back to one trip a week. What has happened?

Very simply, we are now being told to operate about 20 percent more service than we are given the dollars for. Just so there is absolutely no confusion about this let me say clearly that I cannot regard this as Congress' fault and

particularly it is not this committee's fault. This committee supported our full funding request, as did the Congress as a whole in enacting our authorization. The new budget committees also have supported full funding for Amtrak service, and, again, the Congress has ratified this support in enacting its own budget ceilings. The appropriations committees have come up short, but they have been following the Administration's lead. There is great resistance in the appropriations process to approving "unbudgeted" funds.

The box score for fiscal year 1978 runs as follows: Our initial estimate for operating needs requiring federal funding was for \$534.1 million. This was within the \$545 million authorization already on the books. The one factor most difficult to predict more than 18 months in advance, which is when the first cut for the budget must be made, is of course inflation. We have a better fix on the cost factors now, and our current figures indicate that we will need the full \$545 million authorized to get through FY 1978 without cutting any service. (There are some trains that should be cut anyway. We should always have the ability to make incremental service adjustments based on actual patronage on the trains.)

But the Administration, by not supporting our request, effectively supported the alternative, which is the elimination of trains. The Ford Budget allowed \$490 million. It is worth noting that the Office of Management and Budget only recommended \$456 million. The Carter amendments to the Ford Budget increased the amount for operating subsidy to \$500 million. The final appropriation approval was for \$488.5 million. Our capital request was

reduced from a requested \$316 million to \$108 million.

At each point when an amount less than our request for operating funds was contemplated, we advised that reduced funding would mean the elimination of service. Our hope was to apply the Route and Service Criteria, which was approved by this committee. And the reports of the House Appropriations Committee, the Senate Appropriations Committee and the report of the Conference of Managers each specified that we were to live within the approved amounts by reducing service, stressing the fact that we had the approved criteria and procedures to rely upon for reducing service.

It must be noted, however, that the route and service criteria and procedures were not designed to be a budget-cutting mechanism. The procedures are biased heavily toward taking every possible step to improve a route's performance before it is decided that a route cannot be saved and should be eliminated. The procedures themselves are lengthy and involve complex comparative analyses of possible alternatives or changes in a route or service, the receipt of public comment and suggestions, and a considerable amount of formal "due process" before a service can be removed.

By way of an example, the route furthest along in the procedures now is that of the Floridian trains, between Chicago and Florida. If there ever was a route that was destined to be in difficulty, it is this one--it wanders all over the map and over some very dubious track before it gets to Florida. It never did get to Atlanta, as the Amtrak Incorporators intended--the route as it was originally started was in effect on a detour from day one. It no longer even goes through Indianapolis--which is the loss of another

important market--because of bad track in Indiana. It is now on its fourth detour in Indiana. Much of the line it's on in the South doesn't even have any signals. Yet the Floridian's review under the procedures, which began in March of this year, just yesterday went into the public-hearing phase. Even if the final outcome of the process is outright discontinuance--and in no way would it be proper to assume that discontinuance will be the outcome--it would be months before the trains could stop. This would take us well into the current fiscal year, and the savings could only be gained for those months remaining after the trains stop.

I think this is a very important point. We were told to use the criteria and procedures to take trains off and thus live within the approved funding, yet the criteria and procedures were not designed for killing services. They were designed to rationalize services and routes, and they were designed to be applied carefully and constructively. I believe it would be contrary to the spirit of the procedures for Amtrak to assume in advance that the final outcome would be the complete elimination of routes. We have to use the process honestly to determine the best balance between the public's needs and the costs. We have to first explore possible changes and service improvements before finding that there is no way a route can be saved. This is all written in the rules. It is not a budget-cutting device.

Yet what we have now stands policymaking on its head. The budget process is now driving the public policy decisions.

OMB and DOT are telling us that the deficit must not only be contained, it must be reduced. We are telling them and telling you that this means fewer trains and fewer routes. We are being told to conform anyway. The last official statement of the Congress on the matter is contained in the most-recent appropriations legislation and in the legislative history. Congress has spoken. OMB and DOT now do not even support the \$500 million for operations that is in the Administration's budget. Accountants are writing national transportation policy.

The Amtrak Board and management must be financially responsible. We cannot keep running up bills without the ability to pay them. Ordered, in effect, to shrink the system, we have had to look first for places where we could make immediate savings. Because of the uncertainty of the outcome of the criteria and procedures, and the long lead times before any savings could be realized by eliminating or restructuring routes under the procedures, it was necessary for management to look for ways we would achieve immediate savings without going through the formal procedures. We looked first at routes with more than one train to see if trains could be dropped. And we looked at single-train routes to see what savings could be achieved by cutting back from daily service. In every case we did it by the numbers; we didn't play any favorites. What governed us were our best estimates on true avoidable costs, less revenues.

In our first round of frequency reductions, we made service changes calculated to save some \$23 million in deficits. In our second round of cuts, which is now underway, we are looking for another \$27 million in savings. These savings do not address the problem of financing increased inflation that is currently estimated at about \$11 million.



We are also getting underway in applying the criteria and procedures to see what can possibly be saved during the fiscal year. We are assuming that the criteria process will take six months at a minimum so this increases the problem of making savings that are effective in FY 1978. This also assumes that there will not be time for public hearings. We are assuming that the procedures will result in the complete discontinuance of at least one route, plus the radical restructuring of five or six other routes, which may mean consolidations of two or more routes over long distances, or the truncation of routes.

In effect, these would amount to partial route discontinuances. For example, we are looking at combining the San Francisco Zephyr trains with the Southwest Limited trains as far west as Ogden, and running a rerouted Southwest Limited service via Ogden and then south to Los Angeles from there. This would be tantamount to discontinuing the entire Southwest Limited route except for the endpoints of Chicago and Los Angeles. One area, between Ogden and Los Angeles, would gain new service.

I think I should add that, because of the revenues, the Amtrak structure is leveraged against achieving savings by cutting service. The first million in savings can be found without inconveniencing really large numbers of passengers, but to find the twentieth or thirtieth million in savings the cuts in service have to go very deep. We have to cut a lot to save a little, because we are also cutting revenues. Eliminating whole routes is more efficient because stations and maintenance facilities can be closed and more of the fixed

costs reduced. But this approach requires the use of the criteria and procedures. And I have to say that making the required cuts by eliminating routes is going to make it very hard to keep the system national in any true sense of the word. I think if this is the government's intent then our basic law should be changed.

If we are going to take a long look at Amtrak, and I think we should, then I think we should start by looking at the positives. In six years we have learned some important things. One is that the American public will ride the trains and pay competitive fares to do so. The public will return to the trains as service is improved both in quantity and quality. The quantity has been lacking overall but we have been able to measure the gains from service increases on selected routes. Increased train frequencies have the highest correlation to increased ridership and revenues.

Quality of service depends heavily on quality of equipment. Good equipment means reliable operation, which means better morale among crews and passengers alike. Things will still go wrong even with new equipment but the rate goes way down and the ability to cope with problems goes way up. This we have learned with the Amfleet. Nationally, our complaint ratios are still too high, but wherever we have replaced the old equipment with the new, including the new Turboliners, complaints are way down.

What's keeping the overall rate too high is the continued use of the old equipment on the long-distance routes. We've now got the worst equipment on the routes with the longest customer exposure and the highest fares. Most of these cars were worn out before Amtrak even got started. We've put a

lot of money into most of them. They have kept us alive, barely, and at heavy cost, and they just aren't worth further investment.

More new equipment--the first for the long-distance trains--is almost in hand. Right now, though, the Pullman Standard plant is on strike, so we're not sure when we are going to get out first bi-level "Superliner" train in revenue service. It will be early or mid-winter, assuming the strike is settled soon.

Let's look at how long this new equipment has been in the pipeline. We're six and one-half years old. Amtrak's first management felt it had to wait the first two years, which was sort of an "experimental" period, before it could be sure Amtrak was here to stay. Design work had been going on, but orders for the Amfleet type of equipment were not placed until well into the third year. It was not until this past summer that we had this fleet fully delivered and deployed in revenue service.

Lead times on the new Superliner equipment have been similar. These cars are "newer" than the Amfleet in terms of design and tooling. Although they resemble the high-level cars developed earlier by the Santa Fe, they are really of an all-new design. The Amfleet design, by comparison, borrowed heavily from the Metroliner design. The Superliners have been in the procurement pipeline for three years. Funding authorization was considered by this committee as long as four years ago. These lead times are a fact of life. It takes time. You can't take an industry that had been dead for 20 years and bring it back to life overnight. We have had six years--really four, because for the first two years Amtrak was

in a holding pattern--and the results are only now appearing.

And I think I should add that there is one thing essential to the whole enterprise that isn't really even in the pipeline yet, although a small beginning is being made. I refer to track. Track is basic. You can't run trains without it. It is the name of the whole game--a rail road. Except for one small piece in eastern Oregon, I have been over every mile of the Amtrak system. Bad as our problems are with the old equipment, I have to say that our biggest physical problem--and the problem that is going to continue to plague us until something is done--is bad track. Bad track is holding down speeds so we are not competitive with the highways, and the longer running times are adding heavily to our costs of operation. This nation needs to decide if it wants a decent railroad system as well as a passenger train service. In my view the nation can no longer afford the imbalance in the assistance given to other transportation modes.

To summarize, I would say that the Amtrak system needs a number of things. First, we need more funding, for capital improvements as well as operating needs. We have just issued our five-year plan with funding requirements spelled out in detail for fiscal year 1979, and with projections for four years beyond that. It is a moderately expansionary plan, but it is not as expansionary as we would really like.

Second, the Amtrak route system does need to be rationalized. We have some routes in the wrong places. Some promising markets are not optimally served as a result. The routes through the thinnest population areas worsen our overall ratios and make the whole system less efficient than it should be. The whole route structure needs to be re-examined and this process is now underway. We propose that Amtrak do this jointly with the Department of Transportation. As appro-

prate, the route and service criteria should be applied as it was originally intended, not as an emergency budget-cutting mechanism.

Third, the whole funding structure should be streamlined and strengthened, so that the top policymakers of the government are in charge of the policy, not lower-level budget analysts as is presently the case. As it is now, our requests go to DOT, which in turn goes to OMB for the decisions. We are not dealing with the principals in the budget-making process. Policy is therefore being made in a way that I am sure no one on this committee intended.

Fourth, we need the support or at least the direct attention of the highest levels of the government. Congress created a responsible Board of Directors to insure that the public interest would be represented in the development of Amtrak policies. There have been unfilled vacancies on the Amtrak board for more than two years. We do not have a full board. At most meetings we do well to assemble a legal quorum. All but one of the Presidentially appointed members are now serving beyond their statutory terms.

I have been calling attention to the need for fundamental policy guidance from the United States Government since my first weeks with Amtrak. Our role needs to be defined, or redefined. We are not going to make a profit. Without funding the trains will not operate. What does the government, representing the people, want? The government must speak with one voice or the matter is going to be decided by default.

Fifth, we need continuity of funding to permit continuity

of employment and therefore continuity of personnel and management development. Whether we are to have a larger or smaller Amtrak system or one about the same as it is today, Amtrak's employees and management personnel need to be able to plan on making a career in the passenger service. The present "revolving door" climate is fundamentally injurious to all our efforts to improve service and become more efficient. This means that we need stability in our funding so that we can at least stay abreast of inflation. Right now we have a freeze on hiring and promotions. It will save some money in the short run but in the longer run it is counterproductive. There will always be employee turnover and some who should, after a trial period, be separated. But Amtrak is only going to be as good as its people--its long-term, dedicated and committed employees. And every time one of these is forced to leave because of budget cutbacks, tax dollars are being wasted. The investment is lost.

Right now, our number-one need is the funding we have requested. If the system is to be shrunk, it should be changed in response to a carefully considered plan developed cooperatively between the Administration and the Congress. The way we are going at it now is the wrong way. A rational study may in fact reveal that growth is more appropriate, as a means of reducing unit costs--costs per passenger served, or per passenger mile.

But, either way, we will operate and do the best we can with the resources given us. We have always said we would operate a system commensurate with whatever funding is provided, trying always to maximize revenues and minimize costs. But I would like to tell this committee the same thing I told the Amtrak Board at our last meeting--and these are my exact words:

"If this country wants intercity passenger rail service as a viable travel option for its citizens, then its funding level should permit such a system to be developed and operated properly. If we don't want to build and support a properly operated system, then maybe we should eliminate it entirely." Mr. Chairman and Members of the Committee, I think that poses the real choice that must be made.

Mr. FLORIO. Thank you very much. I think it might be appropriate for me to go vote at this point. Mr. Rooney will be back in a few moments.

Let me offer a gratuitous comment that may assist you in your relations with the Congress in the future. The 5-year plan was released to the press 5 days before anyone on the committee got it. I have yet to receive a copy. That is not the manner of operation that is most conducive to keeping friendly relations with the Congress. I suggest in the future it might be appropriate that the committees get these reports rather than have to, as I did yesterday, read about it in the Wall Street Journal. This is just a suggestion.

Mr. REISTRUP. If it happened, it was not by intent. We hand them to four committees, both the Appropriations Committees and authorizing committees, and to the administration.

Mr. FLORIO. It is not that important, but it is my understanding the committee received it the day before yesterday. The chairman has yet to receive it.

Mr. REISTRUP. I think what we ought to do is perhaps have each member of the committee get it personally. We did it in the normal process. We will add that. Thank you.

Mr. FLORIO. The committee will stand adjourned for 5 minutes.

[Brief recess.]

Mr. ROONEY. The Chair will recognize my colleague from the great State of Tennessee, Congressman Gore.

#### **STATEMENT OF HON. ALBERT GORE, JR., A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TENNESSEE**

Mr. GORE. Thank you for the opportunity to testify briefly, Mr. Chairman. I was pleased to learn that Amtrak had stated its intention to restore service. I think that we ought to put the blame for the current situation squarely where it belongs and that is in my opinion on the Congress. If we are going to have a good efficient Amtrak system, we are going to have to appropriate the money necessary to run it well. I am particularly interested in the Floridian. I hope that the route can be changed for the Floridian so that it can be routed through Atlanta where it will be an extremely profitable line.

I think that the management of Amtrak needs more funds to work with. I think that the record of these hearings clearly demonstrates that.

I would like to commend the subcommittee and you, Mr. Chairman, on your efforts to bring these problems to light. I would like to extend my remarks for the record.

Mr. ROONEY. Thank you. I am sure Mr. Reistrup was very pleased to hear that statement.

[The extension of remarks by Representative Gore follows:]

#### **SUPPLEMENTAL STATEMENT OF HON. ALBERT GORE, JR., A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TENNESSEE**

I have studied AMTRAK's position in requesting this funding, and I believe the corporation will continue to improve services and cut the passenger/deficit ratio. To deny the request would ensure the elimination of several important, if currently unprofitable, passenger routes. That move would unquestionably signal



the beginning of the end for railway passenger service as a serious transportation mode for Americans.

The FLORIDIAN route is a perfect example of this situation. AMTRAK is currently faced with the certain elimination of the route if supplemental funds are not forthcoming. There is every reason to believe that continued funding would allow AMTRAK officials to reroute the service through the population centers of Indianapolis, Chattanooga, Atlanta, and Savannah. Literally thousands of citizens who live long that proposed new route have responded to this plan by writing or calling AMTRAK and their representatives in Congress to plead for such a move.

But I am here not only as an advocate for such a shift in routing. The loss of the FLORIDIAN will be repeated elsewhere as further budget cuts are required, until the national network is virtually eliminated. I do not want that for Tennessee and the Southeast, and I do not believe this Committee wants that grim fate for the country.

As a representative deeply concerned with the future of a vital transportation network in this country, I am here to testify in support of AMTRAK's request for a supplemental appropriation for the current fiscal year.

The AMTRAK request is reasonable and reflects the corporation's immediate needs to maintain present service levels. Moreover, it is a request that was earlier approved by the Congress but eliminated by the Administration.

However, as this committee considers AMTRAK's request for supplemental funding for the current year, it should look far beyond the simple dollars and cents of the issue. You have not only the fate of several railway passenger routes to consider, but the entire future of passenger service in this country.

AMTRAK has a mandate to fulfill. In recent months it has begun to show that our considerable investment, improved facilities and equipment—over \$2 billion—has finally begun to pay off. Ridership is up on those lines where service levels are high. AMTRAK inherited a system which was doomed by years of inattention and shifting priorities. Let us not nullify that progress in one swift and miscalculated gesture, and return railway passenger service into a curiosity at best and an inefficient drain of public resources at worst.

#### COMMENTS OF THE AMTRAK CONTRACTING RAILROADS ON SECTION 3(b) OF S. 1793, THE "RAILROAD IMPROVEMENT ACT OF 1977"

The original Rail Passenger Service Act of 1970, in creating Amtrak, provided that Amtrak: "May contract with railroads or with regional transportation agencies for (1) the use of tracks and other facilities and (2) the provision of services \* \* \*."

The act provided that if the parties failed to agree, the Interstate Commerce Commission could: "order (1) the provision of services or (2) the use of tracks or facilities of the railroad by (Amtrak) on such terms and for such compensation as the Commission may fix as just and reasonable \* \* \*."

In the beginning months of Amtrak's operation, criticism arose over the railroads' on-time performance of services for Amtrak. Hence on October 18, 1973, Congress enacted the Amtrak Improvement Act of 1973, designed to improve the provision of services by the railroads. The legislation provided:

"In fixing just and reasonable compensation for the provision of services ordered by the Commission under the preceding sentence, the Commission shall in fixing compensation in excess of incremental costs, consider quality of service as a major factor in determining the amount (if any) of such compensation."

That is, Congress provided that whenever the Commission fixes the compensation which Amtrak is to pay a railroad for providing services, the basic compensation must reflect incremental costs, with any compensation in excess of incremental costs depending on the excellence of the service provided. The Conference Report on the 1973 Act said:

"The term 'incremental costs', as used by the conferees, is intended to provide a basic level of compensation to be paid a railroad for services provided. It is assumed that this basic level could be supplemented on the basis of quality of service."

It will be noted that this 1973 amendment to the basic act in no way touched on the subject of compensation for the use of tracks and other facilities. If and when the Commission fixed such compensation, Congress allowed the law to continue simply to direct the Commission to prescribe such compensation as was

"just and reasonable." In *Amtrak and Texas and Pacific Ry. Co. Just Compensation*, 348 ICC 645 (1976), the Commission recognized that incremental costs was the statutory guideline in fixing compensation for the provision of services and that it was *not* a guideline in the fixing of compensation for the use by Amtrak of a railroad's tracks and facilities.

This state of affairs would be altered by Section 3(b) of S. 1793 which would amend Section 402(a) of the Rail Passenger Service Act so as to definitely make incremental costs the guideline for fixing compensation for the use of a railroad's tracks and facilities. We object to that. Amtrak and the railroads entered into binding contracts on the basis of mutually acceptable understandings and obligations, and Congress ought not to impair and alter these contractual rights and responsibilities now that the parties have executed and are bound by the contract. When the Commission fixes compensation for Amtrak's use of tracks and facilities, the law presently directs the Commission to require whatever compensation is in its judgment "just and reasonable." There is no reason for Congress to further circumscribe the Commission's discretion in fixing compensation. The only reason Congress fixed incremental costs for the *provision of services* was to create an incentive for the railroads to provide as good service as possible, a reason which has nothing whatever to do with Amtrak's use of railroad tracks and other facilities. Congress ought not to tell the Commission how to decide what is just and reasonable compensation for the use of a railroad's tracks and facilities.

Section 402(a) of the Rail Passenger Service Act now provides: "In fixing just and reasonable compensation for the provision of services ordered by the Commission under the preceding sentence, the Commission shall, in fixing compensation in excess of incremental costs, consider quality of service as a major factor in determining the amount (if any) of such compensation."

Section 3(b) of S. 1973 would add the words "progressively increasing" before the phrase "quality of service" in Sec. 402(2), so that the factor the Commission would have to consider in fixing compensation for the provision of services and for the use of tracks and other facilities over and above incremental costs, would be *not* "quality of service", but "progressively increasing quality of service". This could not help but be counterproductive. A railroad which went all out to provide the best possible service would find that it next had to provide even *better* service to continue to earn incentive compensation! The proposed change would be a spur to improving service just a little at a time, and even then it would reach a point where once the service was perfect and the railroad could no longer better its performance, it could no longer qualify for incentive compensation. The statute is perfectly adequate as it reads today and there is no occasion for changing it.

Finally, Section 3(b) of S. 1793 would alter Section 402(a) of the Rail Passenger Service Act by changing the phrase "in excess of incremental costs" to read "in excess of actual, reasonable, and necessary additional costs that are demonstrated to be incurred because of the existence of Amtrak operations." Presumably this would place on every railroad contracting with Amtrak the burden not only of establishing the *existence* of each and every item of incremental cost, but also the *propriety* and *necessity* and *reasonableness* of each and every such item. We are not aware of any situation or controversy between Amtrak and any of its contracting railroads that calls for such additional proof by the railroads, and apart from the unfairness of placing such terribly burdensome requirements on them, it obviously is calculated to stir up controversy between them and Amtrak and very likely result in acrimonious and frequent and extended litigation and arbitration over *why* railroads made the expenditures they did and whether they were *proper* and *reasonable* under all the circumstances. The change proposed is unneeded and unwise.

Mr. ROONEY. Mr. Reistrup, would it not be in order to eliminate complete trains rather than attempt to reduce the service on a large number of trains? I know that one of my friends back home has a very famous restaurant. The restaurant is going 365 days a year because he is always concerned if he goes on vacations or closes down the restaurant, his customers will go elsewhere. I think this is what is happening with Amtrak. Many of the runs that were going on a daily basis are now being interrupted and people will get accustomed

to going perhaps to Greyhound or Trailways or taking some other mode of transportation.

**STATEMENT OF PAUL H. REISTRUP, PRESIDENT, NATIONAL RAILROAD PASSENGER CORPORATION (AMTRAK), ACCOMPANIED BY DON BRAZIER, VICE PRESIDENT, FINANCE, AND JOHN LOMBARDI, DIRECTOR, STATE AND LOCAL AFFAIRS—Resumed**

Mr. REISTRUP. Mr. Chairman, I have stated many times, and I believe it, I have not changed, that we either ought to run daily or not at all. We only had a few operations in the country that were on a triweekly basis. When we were faced with the budgetary shortfall, and the prospect of deficiency spending, and with the Board not having taken action which is required to eliminate a complete route, reducing service frequencies was my only choice.

I do not feel that there is all that much competition—there is some—with the bus. I think that together we could both benefit. I worked intermodally for a good bit of my career, including the piggyback business, trucks on flat cars, and also with the Chicago Transit Authority, and we did a good job with it. We did find some who worked there would ride the bus. You would be interested to know in the Floridian hearings it appears that only 19 percent of those people would ride the buses if we were not there. Automobile and air are the largest alternate forms of transportation. I agree with you and I have actually urged that the Board of Directors move ahead on the route-criteria process. In fact, one of them took me to task for this at the special September Board meeting, saying I was out of order to recommend that the Board be expeditious in this activity. That was in the open and the public heard that. But I have urged that. The representatives of Secretary Brock Adams have also urged that we move on with this process so that we either do it right or not run it at all.

By the way, I would hope that this committee would recognize that I have tried to shoot straight in this statement. I have absolutely the highest regard for Secretary Adams. I have to mention the administration because the President appoints my Board on OMB recommends our budget. But Mr. Adams and I have a good working relationship and if we have anything to say to each other we say it. It is not the situation of yesteryear when we were at loggerheads with the Department.

Mr. ROONEY. What major cost programs have you initiated in the past 2 years that might have saved Amtrak money?

Mr. REISTRUP. One of the most significant in this past year was a reduction in management, as a category, of 5 percent. At this present time we are again reducing both management and also general employment at the rate of 1 percent per month. Further, we have an absolute hiring freeze. The only people who will be hired are those who, in effect, keep the trains running, and my own personal assistant or I will have to approve those. The attrition rate that we have, which is roughly 15 percent per year, should allow us to reduce forces without throwing a lot of people out on the street.

Other things we have done is try to stretch the Amfleet equipment further than it was intended. It is running the west coast, east coast, and out of Chicago. That equipment is like a Metroliner without motors. It does not have the full dining car. Some people don't like it as well for that reason but we do have a much less expensive food service, the cars are much lighter, they save fuel. They weigh close to a third lighter and are pulled by a lighter locomotive and are much more efficient. Those would be the major efficiencies.

I would like to really submit a list for the record because a lot of our ratios are looking better. The passenger-miles per onboard service man-hours, for instance, all those ratios are headed downward.

[The following information was received for the record:]

**MAJOR COST PROGRAMS INITIATED IN THE PAST TWO YEARS THAT MIGHT HAVE SAVED AMTRAK MONEY**

During the past two years Amtrak management has been engaged in a major effort to reduce costs and to discontinue unessential activities.

*On Board Services*—By careful balancing of staffing with anticipated ridership patterns Amtrak has been able to reduce on-board staffing. The number of man-months of labor per million revenue passenger miles has decreased from 12.0 to 10.0 during the past two years.

*Management Staffing*—During FY 77 a 5% reduction was effected in the management category resulting in termination of 110 positions and cost avoidance of over \$2.5 million.

*General Reduction*—During FY 78 Amtrak is making a further 6 percent strength reduction in both management and non-management positions. Over 1,000 positions will be terminated at a cost avoidance of \$20 million. This reduction is coupled with an absolute hire freeze.

*Equipment Utilization*—In an effort to provide more reliable and efficient service and reduce costs Amtrak has substituted new Amfleet equipment on certain longer distance routes such as New York to Savannah, Chicago to Washington, Chicago to New Orleans, Chicago to Laredo and Salt Lake City of Seattle.

This new electrically heated and air-conditioned equipment adds greatly to passenger comfort and allows a significant cost saving in the food service function.

*Station Services*—Staffing at various stations nationwide has been reduced to austere levels. During the past two years the man-months per thousand passenger ratio has dropped from 2.8 to under 2.3.

Mr. ROONEY. Yesterday, Congressman Jenrette told the committee by reducing the Palmetto from daily to quadweekly, the line will be forced to give up a \$17,000 Postal Service contract. Along that line, hasn't Amtrak rejected a potential annual revenue of in excess of \$24 million through Postal Service contracts but has done nothing at all in attempting to obtain those contracts?

Mr. REISTRUP. I have covered the mail business previously in my statement. I think we have done very, very well, considering the staff that we have. Actually, the mail business in 1976—this was 11 months, we don't have the final figures for September—we were \$6.9 million the year before, and we were \$8.7 million for a 25.6-percent increase in this most recent fiscal year.

Mr. ROONEY. How about the \$17,000 contract that Congressman Jenrette talks about?

Mr. REISTRUP. That is infinitesimal compared to the cost of running the train. I would be much more concerned about changing the train through Denver to 3 days a week because we would lose \$2½ million. We want to handle as much revenue as we can on a train. That revenue was taken into account. That is equal to about one person per year's

basic salary, \$17,000. So if we can save a person, it balances the mail. I believe in handling people first and then the mail second if we are running a train. Package express is another sideline business we have.

We have not spent capital money on new baggage cars to handle this mail, and I don't think we should until we get reliable equipment for all the passengers.

We have modified some baggage cars for this mail service. Some of them have been electrified so that they can run with the new equipment.

Mr. ROONEY. Mr. Florio.

Mr. FLORIO. Thank you very much.

Mr. REISTRUP, you were here yesterday when the Chairman of the ICC testified that his interpretation as to the significance and the legal requirements of the route and service criteria was apparently substantially different from yours. His interpretation was that not only route reductions but service reductions or service curtailments should also be undertaken in accordance with the route service criteria. You say your legal staff has given you an interpretation that that is not the case, even though it is route and service criteria, that it is only route reductions and not service curtailments that should be done in accordance with the criteria specified.

Mr. REISTRUP. That is correct, Mr. Florio. On page 1 of our route and service criteria, which was accepted by Congress, it says, and I will quote a little bit of it:

The criteria and procedures described in this report pertain to decisions to add routes which previously lacked any service or to discontinue a route. The Board would not necessarily use these criteria and procedures for making routine service changes; for example, frequency changes.

Mr. FLORIO. Obviously, the ICC attorneys read the same thing, and they come to an opposite conclusion. It seems to me on the basis of commonsense if it is called route and service criteria, the service cutbacks should have something to do with it, and probably even more significant than that is really implicitly what you are stating is that the Congress gave you discretion with no guidelines whatsoever to eliminate service or to reduce service. I just find that is not compatible with what I think Congress meant at the time it established these criteria and the normal course of practice in this Congress, particularly when we are talking about substantial amounts of public moneys being put in an operation, is very little discretion, if any, but guidelines being provided in the exercise of that discretion.

Mr. REISTRUP. That could be, and I would agree this is a concern that something should be done. To my understanding, there would have to be report language or some form of legislation. I would suggest that this time-consuming 6-month-to-a-year process need not be used, but at least some of the criteria could be applied. I believe, recalling the Board deliberations on this criteria, that the concern would be that with close to 300 trains in the United States, we would never do anything if we had to go through this five-step process for every change that was made. There has to be a middle ground somewhere. Maybe we can work together on achieving that.

Mr. FLORIO. I would like to develop this a bit more. Before I do, let me get my parochial question out of the way. With regard to commuters who take your train 220 from Newark to Trenton on a regular

basis, this is something that it utilized, it apparently is well trafficked, I am wondering what, if any, arrangements you are making for the individuals that use this on a daily basis to and from work?

Mr. REISTRUP. Mr. Florio, you have raised one of our key problem areas. It surfaced again with the California discussion yesterday. This is the issue of commuter operations on Amtrak.

Amtrak basically and by law is an intercity operation. We do handle some commuters on these generally longer distance trains. The train you are talking about runs from Philadelphia to New York, which is roughly 100 miles, or a little bit short of that, and it could be called intercity, but the train also handles the Trenton-to-New York passengers. We are going to, short of legislation, to tell us to run that sort of thing, which is generally under the auspices of UMTA and the State and local transit authorities, New Jersey DOT in your case, if we are told to run them we will. In the case of this train 220, that is a Philadelphia-to-New York train. It leaves at 5 p.m., and there is a following train at 5:20 p.m., No. 178, that comes out of Washington. That has cars that will accommodate those people.

Mr. FLORIO. How about in the morning?

Mr. REISTRUP. In the morning I don't know what would be opposite side of that trip. That would be roughly, I guess, coming down in the morning there is a train 237 at 6:35 a.m. from New York, there is also a 7 a.m. train, the train from Montreal. I don't know which one they would come back on. We have been trying to work with the State people who also run a commuter service to coordinate their schedules with ours. We have done a lot of that up in Connecticut, also. Now they are not necessarily happy but we are trying to fill these gaps with CTA-MTA service and Jersey DOT service.

Mr. FLORIO. Perhaps I will generalize on a more significant level. Let me indicate my concern as to exactly what criteria you are using. We have established the fact you are not using the congressionally specified criteria. I am questioning whether you are using profitability as a criterion or relative profitability or economic considerations. I have a route-by-route financial performance analysis prepared from the material Amtrak supplied. This analysis shows the trains running in the northeast corridor have earned revenues greater than their avoidable cost. It is 100 percent greater. In essence that is your most profitable area. You are proposing to reduce the number of Metroliner trains by 20 as well as to eliminate 85 other trains. If this service is in fact earning revenues that are greater than avoidable costs, won't these reductions actually increase your operating deficit and the amount of Federal subsidy, if necessary, will have to increase? I don't understand why you are eliminating these trains that contribute substantially to one of the few profit margin areas you have in the country.

Mr. REISTRUP. There are a couple of borderline situations, Mr. Florio, but all that I have known, with the exception of the borderline—clearly on that particular run they are a much more direct cost and we use cash cost, the fuel and power used on a Metroliner, or fuel if it is diesel service, the revenue that would be lost by not running the train—I used as a rule of thumb that if there is a risk of 25 percent of these figures meeting, in other words, saving a dollar

by losing a dollar in revenue, we would not do it. The borderline trains are weekend Metroliners and also this Boston train I talked to you about—the New York-Boston train in the morning—I think during the wintertime might have done better than in the summer, with some business travel. We use the same system on all of them. We look at everything on a train-by-train basis for which trains were not contributing as much money in revenue as they cost. The figures you are referring to are for the whole service pattern, and they clearly do produce more revenue than they cost.

Mr. FLORIO. Was that same system applied between the national system you have and the northeast corridor system?

Mr. REISTRUP. Exactly, yes sir. The same people did it. Mr. Brazier provides the financial analysis for each of those moves.

Mr. FLORIO. Let us shift for a moment to the long-haul routes you have. Of the 18 long-haul routes you proposed reductions in service on over four of those routes at an estimated savings of \$13.2 million. According to your fiscal 1977 performance analysis several routes are doing as poor as or poorer than those four routes in terms of economic performance. The names are Chicago-Washington, Chicago-Houston-Washington-Montreal, Kansas City-New York-Washington, Chicago-San Francisco-Los Angeles. You have eliminated the four but there are other ones that are doing worse in terms of financial performance. I am at a loss to understand how you picked those four as contrasted with the other ones.

Mr. REISTRUP. We can provide you with those details. They were done the same way. I think Pacific would be a good example. The train through Denver, was that on your list?

Mr. FLORIO. No.

Mr. REISTRUP. If we had reduced that to 3 days a week we would have in one fell swoop lost a quarter of our mail business. That revenue was not only on that train but also on other connecting trains in the east, and the loss of the mail would then throw them into the red, and we would have a domino effect. There is mail on several of those trains that you mention and mail requires daily service. These were the types of factors considered. Now if further reductions have to be brought about, if there are no funds forthcoming, these trains would have to be reduced. They are on our list. We have all of them. The Memphis-to-New Orleans train is being considered to go triweekly, for example.

Mr. FLORIO. The formula you specified that you utilize, I would appreciate it if perhaps you could submit that in writing so that we can take a look at it.

Mr. REISTRUP. Yes; we will and train by train. We will give that to you.

Mr. ROONEY. I would like that to become part of the record.

[Testimony resumes on p. 137.]

[The following information was received for the record:]

#### FREQUENCY REDUCTIONS

Amtrak's fall 1977 frequency reductions represented those services which could be reduced in frequency with minimal revenue loss. Costs were analyzed to determine the avoidable cost savings from such frequency reductions to assure that the net effect was to maximize deficit reduction. The only exception to this

policy was the reduction in service to four times weekly on the Empire Builder, which was done to accelerate conversion of this route to new all electric Super-liner equipment, thereby eliminating operation on this route of steam-heated cars.

The Chicago-Washington, Chicago-Houston, Chicago-San Francisco, Kansas City-New York/Washington, Washington-Montreal and Chicago-Los Angeles routes were not included in the fall frequency reductions as revenue losses from frequency cuts on these routes would have been much greater than on routes cut. Also, except for Washington-Montreal, each of those routes is under study in the route criteria process, and are therefore being addressed in that manner, rather than as frequency reduction candidates.



Attachment A

REINSTATEMENT OF FREQUENCY REDUCTIONS

<u>Train</u>	<u>Disposition</u>	<u>Individual Train Restoration (\$ 000)</u>	<u>Cumulative Restoration (\$ 000)</u>
1 Metroliners			
1	Philadelphia-Harrisburg Washington-New York, 100 Series	\$ 590	\$ 590
	Do not reinstate trains 131 and 132 between New York and New Haven, as the electrical power system is scheduled to be changed November 19 for a portion of this route, making Metroliner operation impossible		
2	Philadelphia-Harrisburg Washington-New York, 100 Series	0	590
3	Washington-New York, 100 Series		
	Reinstate trains 153, 185, 187, 188, 190, 192 and 192		
4	99-90, Palmetto, Washington/Annapolis, 400 Series	1,102	1,700
	Reinstate train 166 on Friday and Sunday		
5	New Haven-Springfield, 400 Series	292	1,992
	Reinstate daily operation (from quad-weekly (weekend) service)		
6	WRC Coast Related to above	200	2,192
	Reinstate only trains 406 (on Saturday and Sunday), 408 (Monday through Friday), 403 (Monday through Friday) and 459 (Saturday and Sunday)		
7	321-322 (daily) Turbo- liner, 328-329 (Su- only), Chicago/Milwaukee	2,500	4,692
	Do not reinstate; alternate service available on five other daily round-trip services between Chicago and Milwaukee	-0-	4,692
8	Philadelphia-New York, 200 Series	1,006	5,692
	Do not reinstate; other 200 series trains (including 1168 Philadelphia to New York) an alternate service is available on remaining 100 series trains. Several stops have been added to such trains to accommodate passengers presently using 200 series trains		

REINSTATEMENT OF PASSENGER SERVICE  
(Continued)

<u>Train</u>	<u>Disposition</u>	<u>Individual Train (\$ 000)</u>	<u>Cumulative Restoration (\$ 000)</u>
9 710-711, San Jose, Oakland/Oakland	Reinstate daily operation from quad-weekly (weekend) service NOTE: Daily operation presently continues due to funding from California for such service	0 272	0 5,964
10 21-22, Inter-American, St. Louis/Laredo	Reinstate daily operation from tri-weekly	1,210	7,174
11 34-35, Alltopper, Washington/Tri-State Chattanooga	Reinstate daily operation (from quad-weekly (weekend) service)	401	7,575
12 22-23, Shenandoah, <sup>1</sup> Washington/Cincinnati	Reinstate daily operation (from quad-weekly (weekend) service)	732	8,307
12 7-8, Empire Builder, Minneapolis/Sentinel	Reinstate daily operation from quad-weekly, when Superliner equipment is available to cover daily service	961	9,269
14 17-18, North Coast Seattle, Minneapolis/ Seattle	Operate daily summer service (from tri-weekly)	909	10,257
15 Cincinnati, Providence- New Haven	Do not reinstate trains 151 and 152 as alternate service is available on other trains at principal points served	-0-	10,257
Harriburg-New York	Do not reinstate trains 42-43, as other service is available	-0-	10,257
16 191-192, Southern Crescent, NRC Connection, Washington/New York	Do not reinstate, as this train was operated only to handle through cars to and from New York and for the Southern Railway's Southern Crescent, and these cars are now operated on trains 171-172	-0-	10,257

REINSTATEMENT OF FREQUENCY REDUCTIONS  
(Continued)

<u>Train</u>	<u>Disposition</u>	<u>Individual Train Restoration —(\$ 999)—</u>	<u>Cumulative Restoration —(\$ 999)—</u>
17 85-86, Champion, New York/St. Petersburg	Do not reinstate alternate service available on trains 81-82 (Silver Star) and 87-88 (Silver Meteor). Consider operation of a New York-Washington-Savannah-Amfleet summer day train via Raleigh and Columbia to supplement train 81-82	\$ 0,049	\$ 10,306
18 87-88, Silver Meteor, Jacksonville/St. Petersburg	Add a leg between Jacksonville and St. Petersburg, which replaces trains 85-86 on this route	500	10,806

NOTE: NORTHEAST CORRIDOR

See Attachment 3 for complete detail of all Northeast Corridor frequency reductions  
programmed to be effective October 30, 1977. Attachment A contains details of present  
end-points, times operated, days operated, and days programmed to be cancelled.

(Effective October 30, 1977)

## Detail of Northeast Corridor Frequency Reductions

TRAIN NUMBER	ORIGIN & PRESENT DEPARTURE TIME	DESTINATION	DAYS NOW OPERATED	DAYS CANCELLED
<b>Metroliners</b>				
104	Washington, 8:00 a.m.	New York	Daily	Sunday
106	Washington, 9:00 a.m.	New York	Daily	Sunday
110	Washington, 11:00 a.m.	New York	Mon. thru Sat.	Saturday
114	Washington, 1:00 p.m.	New York	Daily	Saturday
132	New York, 8:17 p.m.	New Haven	Sun. thru Fri.	All Days
131	New Haven, 7:50 a.m.	New York	Mon. thru Sat.	All Days
105	New York, 8:30 a.m.	Washington	Daily	Sunday
107	New York, 9:30 a.m.	Washington	Sunday Only	Sunday
109	New York, 10:30 a.m.	Washington	Daily	Saturday
113	New York, 12:30 p.m.	Washington	Daily	Saturday
<b>New York-Philadelphia</b>				
237	New York, 6:35 a.m.	Philadelphia	Mon. thru Fri.	Mon. thru Fri.
217	New York, 2:00 p.m.	Philadelphia	Daily	All Days
210	New York, 4:32 p.m.	Philadelphia	Sun. thru Fri.	Sun. Only
237	New York, 7:05 p.m. (arr. at 7:07 p.m.)	Philadelphia	Daily	All Days
250	Philadelphia, 5:45 a.m.	New York	Mon. thru Sat.	All Days
168	Philadelphia, 7:15 a.m. (arr. at 7:17 a.m.)	New York	Daily	All Days
204	Philadelphia, 9:00 a.m.	New York	Daily	All Days
220	Philadelphia, 5:00 p.m. (arr. at 5:02 p.m.)	New York	Sun. thru Fri.	All Days
222	Philadelphia, 6:00 p.m. (arr. at 6:02 p.m.)	New York	Sun. thru Fri.	All Days
<b>New York-Harrisburg</b>				
42	Harrisburg, 0:20 a.m. (arr. at 0:22 a.m.)	New York	Mon. thru Fri.	All Days
43	New York, 5:06 p.m. (arr. at 5:08 p.m.)	Harrisburg	Mon. thru Fri.	All Days
<b>New Haven-Springfield</b>				
402	New Haven, 9:00 a.m.	Springfield	Daily	All Days
406	New Haven, 1:00 p.m.	Springfield	Daily	Sat. & Sun.
408	New Haven, 3:00 p.m.	Springfield	Daily	Mon. thru Fri.
410	New Haven, 4:00 p.m.	Springfield	Mon. thru Fri.	All Days (but see #412 below)
412	New Haven, 5:45 p.m.	Springfield	Daily	None (but re-numbered to #410 from New Haven at 5:00 a.m.)

(Effective October 30, 1977)

<u>TRAIN NUMBER</u>	<u>ORIGIN &amp; PRESENT DEPARTURE TIME</u>	<u>DESTINATION</u>	<u>DAYS NOW OPERATED</u>	<u>DAYS CANCELLED</u>
<u>New Haven-Springfield</u>				
419	Springfield, 7:00 a.m.	New Haven	Mon. thru Fri.	All Days
401	Springfield, 9:05 a.m.	New Haven	Mon. thru Sat.	Sat. Only
403	Springfield, 10:55 a.m.	New Haven	Daily	Mon. thru Fri.
409	Springfield, 3:00 p.m.	New Haven	Daily	All Days
415	Springfield, 7:10 p.m.	New Haven	Sun. Only	Sun. Only
<u>Harrisburg-Philadelphia</u>				
605	Philadelphia, 8:00 a.m.	Harrisburg	Daily	Sunday
620	Harrisburg, 9:00 p.m.	Philadelphia	Daily	Saturday
<u>Boston-New York</u>				
153	Boston, 6:00 a.m.	Philadelphia	Daily	All Days
185	Boston, 5:00 p.m.	New York	Fri. & Sun.	Fri. & Sun.
187	Boston, 7:00 p.m.	Philadelphia	Daily	All Days
180	New York, 7:10 a.m.	Boston	Daily	All Days
150	New York, 4:10 p.m.	Boston	Daily	All Days
162	New York, 8:05 p.m.	Boston	Fri. & Sun.	Fri. & Sun.
<u>Providence-New Haven</u>				
151	Providence, 5:42 a.m.	New Haven	Mon. thru Fri.	All Days
152	New Haven, 3:35 p.m.	Providence	Mon. thru Fri.	All Days
<u>Washington-New York</u>				
160	Washington, 9:05 p.m.	New York	Fri. & Sun.	Fri. & Sun.

Service Planning  
September 16, 1977

(Effective October 30,  
1977)

Detail of Northeast Corridor Frequency Reductions

TRAIN NUMBER	ORIGIN & PRESENT DEPARTURE TIME	DESTINATION	DAYS NOW OPERATED	DAYS CANCELLED
<u>Metroliners</u>				
104	Washington, 8:00 a.m.	New York	Daily	Sunday
106	Washington, 9:00 a.m.	New York	Daily	Sunday
110	Washington, 11:00 a.m.	New York	Mon. thru Sat.	Saturday
114	Washington, 1:00 p.m.	New York	Daily	Saturday
132	New York, 8:17 p.m.	New Haven	Sun. thru Fri.	All Days
131	New Haven, 7:50 a.m.	Washington	Mon. thru Sat.	All Days
105	New York, 8:30 a.m.	Washington	Daily	Sunday
107	New York, 9:30 a.m.	Washington	Sunday Only	Sunday
109	New York, 10:30 a.m.	Washington	Daily	Saturday
113	New York, 12:30 p.m.	Washington	Daily	Saturday
<u>New York-Philadelphia</u>				
237	New York, 6:35 a.m.	Philadelphia	Mon. thru Fri.	Mon. thru Fri.
213	New York, 2:00 p.m.	Philadelphia	Daily	All Days
219	New York, 4:32 p.m.	Philadelphia	Sun. thru Fri.	Sun. Only
227	New York, 7:05 p.m.	Philadelphia	Daily	All Days
250	Philadelphia, 5:45 a.m.	New York	Mon. thru Sat.	All Days
168	Philadelphia, 7:15 a.m.	New York	Daily	All Days
204	Philadelphia, 9:00 a.m.	New York	Daily	All Days
220	Philadelphia, 5:00 p.m.	New York	Sun. thru Fri.	All Days
222	Philadelphia, 6:00 p.m.	New York	Sun. thru Fri.	All Days
<u>New York-Harrisburg</u>				
42	Harrisburg, 6:20 a.m.	New York	Mon. thru Fri.	All Days
43	New York, 5:06 p.m.	Harrisburg	Mon. thru Fri.	All Days
<u>New Haven-Springfield</u>				
402	New Haven, 9:00 a.m.	Springfield	Daily	All Days
406	New Haven, 1:00 p.m.	Springfield	Daily	Sat. & Sun.
408	New Haven, 3:00 p.m.	Springfield	Daily	Mon. thru Fri.
410	New Haven, 4:00 p.m.	Springfield	Mon. thru Fri.	All Days (but see #412 below)
412	New Haven, 5:45 p.m.	Springfield	Daily	None (but re-numbered to #410 from New Haven at 5:20 p.m.)

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 Page -2-

(Effective October 30, 1977)

TRAIN NUMBER	ORIGIN & PRESENT DEPARTURE TIME	DESTINATION	DAYS NOW OPERATED	DAYS CANCELLED
New Haven-Springfield				
419	Springfield, 7:00 a.m.	New Haven	Mon. thru Fri.	All Days
401	Springfield, 9:05 a.m.	New Haven	Mon. thru Sat.	Sat. Only
401	Springfield, 10:55 a.m.	New Haven	Daily	Mon. thru Fri.
409	Springfield, 3:00 p.m.	New Haven	Daily	All Days
415	Springfield, 7:10 p.m.	New Haven	Sun. Only	Sun. Only
Harrisburg-Philadelphia				
605	Philadelphia, 8:00 a.m.	Harrisburg	Daily	Sunday
620	Harrisburg, 9:00 p.m.	Philadelphia	Daily	Saturday
Boston-New York				
153	Boston, 6:00 a.m.	Philadelphia	Daily	All Days
185	Boston, 5:00 p.m.	New York	Fri. & Sun.	Fri. & Sun.
187	Boston, 7:00 p.m.	Philadelphia	Daily	All Days
180	New York, 7:10 a.m.	Boston	Daily	All Days
150	New York, 4:10 p.m.	Boston	Daily	All Days
162	New York, 8:05 p.m.	Boston	Fri. & Sun.	Fri. & Sun.
Providence-New Haven				
151	Providence, 5:42 a.m.	New Haven	Mon. thru Fri.	All Days
152	New Haven, 3:35 p.m.	Providence	Mon. thru Fri.	All Days
Washington-New York				
166	Washington, 9:05 p.m.	New York	Fri. & Sun.	Fri. & Sun.

### Detail of Northeast Corridor Frequency Reductions

Not To Be Restored				
TRAIN NUMBER	ORIGIN & PRESENT DEPARTURE TIME	DESTINATION	DAYS NOW OPERATED	DAYS CANCELLED
Metroliners				
1132	New York, 8:17 p.m.	New Haven	Sun. thru Fri.	All Days
1131	New Haven, 7:50 e.m.	New York	Mon. thru Sat.	All Days
New York-Philadelphia				
219	New York, 4:32 p.m.	Philadelphia	Sun. thru Fri.	Sun. Only
227	New York, 7:05 p.m.	Philadelphia	Daily	All Days
168	Philadelphia, 7:15 a.m.	New York	Daily	All Days
220	Philadelphia, 5:00 p.m.	New York	Sun. thru Fri.	All Days
222	Philadelphia, 6:00 p.m.	New York	Sun. thru Fri.	All Days
New York-Harrisburg				
42	Harrisburg, 6:30 e.m.	New York	Mon. thru Fri.	All Days
43	New York, 5:06 p.m.	Harrisburg	Mon. thru Fri.	All Days
New Haven-Springfield				
402	New Haven, 9:00 e.m.	Springfield	Daily	All Days (but
410	New Haven, 4:00 p.m.	Springfield	Mon. thru Fri.	All Days (but
412	New Haven, 5:45 p.m.	Springfield	Daily	see #412 below)
				None (but re-
				numbered to #4)
				from New Haven
				5:20 p.m.)
New Haven-Springfield				
419	Springfield, 7:00 e.m.	New Haven	Mon. thru Fri.	All Days
401	Springfield, 9:05 a.m.	New Haven	Mon. thru Sat.	Sat. Only
409	Springfield, 3:00 p.m.	New Haven	Daily	Mon. thru Fri.
415	Springfield, 7:10 p.m.	New Haven	Sun. Only	Sun. Only
Providence-New Haven				
131	Providence, 5:42 e.m.	New Haven	Mon. thru Fri.	All Days
132	New Haven, 3:35 p.m.	Providence	Mon. thru Fri.	All Days



Mr. FLORIO. In your fiscal 1976 analysis 70 percent of Amtrak's total costs were classified as avoidable. In your fiscal 1977 analysis only 49 percent were classified as avoidable. How do you account for the significant difference? What are you doing?

Mr. REISTRUP. Mr. Florio, may I ask the accountant I referred to perhaps a little unkindly to respond?

Mr. ROONEY. I thought you said earlier you didn't like accountants to do all this work.

Mr. BRAZIER. He doesn't like them to control the policy. Mr. Florio, we have developed an analysis of that. Basically, between the time the data for fiscal 1976 were developed and the data for fiscal year 1977, Amtrak under an emergency plan has reevaluated and improved our route profitability costing system. This is a system by which we allocate or determine the costs of operations of each one of the trains that operate in the system. In the review of the data that were used prior to 1977, and as a result of the studies, we have determined that a large portion of costs that we previously had assumed to be avoidable are in fact not avoidable. Some of the things that have contributed—and we have an analysis of that, that I can provide for the record—is that in 1977 we have a full year's operation of the northeast corridor. You will recall Amtrak took over the operation of the corridor from Penn Central in April 1976. In that operation we are now operating a full-fledged railroad. We were not previously doing that when the trains were operated over Penn Central tracks and Penn Central was responsible for the maintenance of the real property, the track structure, signals and that sort of thing. That had an effect on the way the costs developed, and in fact increased Amtrak's costs.

Mr. FLORIO. In effect you are telling me there was not a policy change, we are talking about bookkeeping measures.

Mr. BRAZIER. That is correct. I will provide that analysis for the record, sir.

[The following information was received for the record:]

#### ANALYSIS OF AVOIDABLE COSTS

The 21 percent reduction in the ratio of avoidable to full costs from fiscal year 1976 to fiscal year 1977 is made up of the following changes.

A. Direct operation of the NEC—5.7 percent.—Fiscal year 1977 is the first full year of Amtrak ownership and direct operation of the Corridor. Maintenance of way costs, facility related costs and transportation related costs such as dispatching are not avoidable to Amtrak routes as long as the Corridor is operated.

B. Stations serving multiple routes—2.1 percent.—75 percent of Amtrak's station costs are for stations serving more than one route. Staffing schedules at these locations are designed to provide adequate coverage throughout each day at minimum cost. Recent experience indicates these costs are not significantly reduced by the discontinuance of any one route.

C. Maintenance and servicing facilities—4.3 percent.—Equipment maintenance and servicing is primarily performed at route end point facilities designed to serve all the routes terminating at a given city. Economies of scale and scheduling currently obtained from handling multiple routes and trains provide lower avoidable costs per each route than was previously possible.

D. Fixed facility costs—3.5 percent.—The Route Profitability System has provided an improved capability to distinguish the fixed and variable costs of commissary, station, crew base, maintenance, and servicing facilities. Fixed costs of the facility, e.g., supervision, utilities, security, and building, power plant and shop maintenance are no longer included in route avoidable costs.

E. Heavy overhaul—5.5 percent.—Heavy overhaul of rolling stock is programmed on two, four, or six year cycles depending on the type and age of equip-

ment. This cost is not avoidable upon discontinuance of a route but is dependent on subsequent assignment or disposition of the equipment.

Our ability to identify these distinctions has been improved during fiscal year 1977 thru the development of the revised Route Profitability System which began processing fiscal year 1977 data in April 1977. This Route Profitability System accesses our computerized revenue and cost accounting systems and determines the profitability of each Amtrak train and route on a current basis.

Independent railroad cost experts have reviewed the Route Profitability System in detail and told us that the statistical techniques are valid and that the method for determining route avoidable costs are consistent with railroad methods previously applied in train discontinuance cases before the ICC. While we are continuing to fine tune this system and maintain its currency with operational changes, we are confident that it provides a realistic base for determining route costs.

Mr. FLORIO. Let me ask two brief questions. I understand that you are moving from L'Enfant Plaza?

Mr. REISTRUP. Yes.

Mr. FLORIO. Is that a cost-saving measure? What is the rationale?

Mr. REISTRUP. Yes. Roughly \$300,000 a year in cost saving. We feel also there will be efficiencies in getting our people located together—we are scattered around in L'Enfant Plaza—and therefore we can reduce administrative overhead.

Mr. FLORIO. On advertising costs I would like some statement. I see your advertisements on television. Perfectly frank, not to be unkind, my thought always has been you advertise to get customers to try your product and hopefully like it. I ride Metroliner on a regular basis. You are bringing people to the Metroliner on Friday afternoons for the train trip back to Philadelphia and they wait in line. It is getting to be a regular thing. People become very fatalistic. I see the same people every Friday afternoon. We go through a little ha-ha when in fact we get there at a quarter to three, at a quarter to four the man comes on and says "Due to equipment failure there will be a 15-minute delay." Two weeks ago we waited for an hour. Then what happened? The 4 o'clock train was delayed. The 4 o'clock left as the 3 o'clock train. I would like to know what you are spending on advertising? If there is a substantial amount I would suggest seriously you ought to get the product up to snuff before you start advertising to get people back on the trains.

Mr. REISTRUP. We have cut advertising quite a bit for the coming fiscal year. It was roughly \$11 million last year. It is going to be roughly between \$7 million and \$8 million this year, a substantial reduction.

Mr. FLORIO. That is the amount that Congress is talking about giving you. Some people are talking about \$12 million to bring you up to the full authorization or the full appropriation. That is a substantial amount of money. I would hope that you would give some serious thought to taking some of that money to fix up the equipment and get the train operating the way it should be so that when people are enticed to use it that they will use it again rather than having a negative experience as I am having more and more. I am torn between the inconvenience of the Allegheny commuter to Philadelphia and the inconvenience of the Metroliner. It is neck-to-neck race as to who runs more inefficiently.

Mr. REISTRUP. I would like to say, because I think the record should be clear on the Metroliner, first, we have reduced the advertising, so

you can see we agree with you. But have brought about a six percent increase in ridership throughout the United States and that is not done without advertising. Our latest survey shows—we called up people who bought the pass to go around the country, the USArail Pass, we were running the trains anyway and we are trying to fill them up—75 percent of them say they would do it again. The Metroliners are a particular situation with which I am very concerned. Charley Bertrand, who runs the corridor, is almost adamant about it. Those cars began their heavy service in 1969. They have been whipping back and forth. There are 61 of them. They are ill designed in the first place. They are rough riders. They have the electrical gear underneath the floor so they suck in snow in the winter and heat from the traction motors in the summer, which causes the air conditioning to go out. They have never been overhauled, with the exception of four cars, which DOT funded. They are called R. & D. cars. You may have noticed they have grids on top. We have now, with our capital funds that have been provided by Congress, approved at the Board of Directors meeting in September, the overhaul and the moving of that gear up to the roof where it belongs, on 16 cars. Then another batch will be done. We don't know exactly how many because it depends on how many are required as the corridor project is completed. There will be 30, 34, it could be the rest of them; there the 57 that have not been upgraded.

I think it is a very serious operating problem that is not generally known to people to be running something that has so little reliability. Each car has 1½ million miles on it now and has not had an overhaul. We don't do that with the rest of the fleet. Those cars were inherited from Penn Central through the conveyance in April of 1976. We had wanted to get these things overhauled and upgraded earlier than this, but we did not know, Mr. Florio, until Secretary Adams made his final decision on what voltage and what current we were going to use overhead, how the electrical gear ought to be designed. So that final decision, as I recall it, was made some time in the early summer, roughly June or July. We have moved on that basis pretty rapidly. The order has been approved and General Electric will be doing this total overhaul and upgrading, and it will bring back the reliability. I agree with you.

Mr. FLORIO. I will conclude that I am very sympathetic to the situation you find yourself in. Certainly we all have to allocate our limited dollars in a way that makes sense. I think the responsibility is almost placed on the Congress more than it is on you to make some hard decisions before very long as to what we want out of this system. You just indicated a few moments ago that for a number of runs, the maintenance on the Metroliners which are on the most highly trafficked road you have, which is the most profitable road you have, is something less than what it is on the national system. To be perfectly frank, I am coming to the opinion that we are going to have to scrutinize whether we should be maintaining the national system at the same level as we are. Certainly we realize that passenger transportation can't ever be a profitable business, but there are degrees of profitability. I think we are going to have to start putting our railroad dollars as far as Amtrak is concerned where the business is. Although

I was very sympathetic to one of my colleagues who talked about his State of Montana where they need the train because there is no other way of getting around, the fact of the matter is that there may be more efficient ways of getting people around than to maintain Metro-liners or any other fixed railroad passenger service from those areas. We are going to have to make hard choices, and the responsibility lies with us to make them. My own particular bias is that we are going to have to put the money where the people are rather than try to put the system on line and attract people.

Mr. REISTRUP. Mr. Chairman, I will run what you tell us to run.

Mr. ROONEY. I have a few more questions to ask, but before I do, I recognize one of our colleagues who asked to testify before this committee, the Honorable J. J. Pickle from Texas.

### **STATEMENT OF HON. J. J. PICKLE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS**

Mr. PICKLE. Mr. Chairman, I appreciate your giving me a chance to testify. I extend my appreciation also to Mr. Reistrup and his group. We may be called back to the floor. I was downtown testifying before the Interior Department, and thus I was not here sharply at 10 o'clock.

Mr. ROONEY. The gentleman is recognized for 2 minutes.

Mr. PICKLE. I may ask for consent to revise and extend, Mr. Chairman.

Mr. Chairman, I have appeared before your group before and made some of these same observations. Mr. Druhan, a member of your professional staff, a very able individual, made an inspection of the Inter-American run in Texas a few years ago and filed his report pointing out the inadequacies on that particular run. I want to point out to you first the situation that exists in central Texas. This past summer the Inter-American run was a daily train. As a daily train, the route picked up a \$500,000 mail contract. But, lo and behold, in August at the meeting of the Amtrak Board of Directors, they voted 3 to 2, with a couple of members ruled not eligible to discontinue the daily service. I don't know just how that original 4-to-3 vote to continue daily service was finagled to become a 3-to-2 vote to discontinue, but it happened. I guess it is a matter of interpretation of the rules as to who is able to vote. Anyway, we did have a daily service. We had a short trial run about 2 months-plus. During that time, I don't believe that the Inter-American run arrived in Austin on time more than 2 or 3 times during that whole 2½-month period.

I heard Mr. Florio talking about having to wait at his station for a while. Well, Mr. Florio, our delay on the Inter-American ride into Austin was on an average of about 2 hours every day for 2 months. I hear you, but I don't sympathize quite as much when we have a situation that is almost beyond conception. I don't know that I can say specifically it is somebody's fault, but that is a fact and it is a bad situation.

Anyway, they discontinued the daily service. Now we have 3-day service with Amfleet equipment, but we lose, I presume, the mail service contract since we only have a 3-day service. So, we have more problems on Inter-American than a dog has fleas. Somehow we have to clear this thing up.

Mr. Reistrup sent me a proposal for the routing of the Inter-American. The Inter-American would become a train operating between St. Louis and San Antonio, and service to Laredo would consist of a spur from another train. The spur would split off the Lone Star in Temple and travel to Laredo, and in reverse the spur would leave Laredo and hook up to the Lone Star in Temple on its way back to Chicago. That has some appeal. My chamber of commerce and my city officials have endorsed it.

We want to include in the record, Mr. Chairman, a copy of the letter asking that that kind of service be considered. I don't know whether it will work or not. So we need to consider that daily service.

What I want to say, Mr. Chairman, is this. We have had daily service, we have had poor tracks, we have cut it back to 3 days a week, and that is where we are now. People can't understand, they don't know what to expect, there is no regularity except the great inconsistency. I think I as the individual who made the original motion to set up these international runs, the one in Washington, New York, and Laredo, when I was a member of this committee, would rather see Amtrak be expected to perform and do what they say, or I would consider doing away with all the passenger service. I don't think we can keep on pouring money down the drain unless we give the right kind of service to the people. I imagine Mr. Reistrup agrees, as I judge from his comments in the paper recently. Before I close I want to say this. I want to point out the lack of cooperation that some of our railroads are giving. For instance, an example is the Missouri-Pacific Railroad. The Inter-American runs largely over the Missouri-Pacific lines. Now, Missouri-Pacific has consistently side-railed Inter-American so its freight trains could pass. This action, which is repeated and willful, is counter to congressional mandate. Missouri-Pacific has consistently held the speed of the Inter-American down low. This, too, is counter to congressional mandate.

I want the committee to include in the record a copy of an article that appeared in the Washington Post about Amtrak's battle with the Missouri-Pacific.

Mr. ROONEY. Without objection.

Mr. PICKLE. After this article appeared, I understand that Missouri-Pacific and Amtrak sat down, after the Justice Department had threatened to sue them. Missouri-Pacific said, "Let us see what we can work out." They have worked out some kind of general agreement now. But it took a two by four to get their attention, and it may take a cocked gun to keep their attention. I think we have reached a point that if these railroads don't cooperate, that the Congress ought to think in terms of balancing their lack of cooperation with our overall approach on any kind of aid for the railroads. The Congress intended to make it work. If they don't make it work just because they are trying to haul freight, that is opposite to what our intent was.

So, sitting in central Texas and proud of the fact that we have the Inter-American run and it offers possibly the best vehicle we have for international trade between the United States and Mexico and for travel between our two countries, we have consistently been on the last bit of all appropriations from the Congress or from Amtrak.

I sympathize with their problems because they have huge problems elsewhere and they can only turn to us at the end. They ought to turn

to us first for a change if they can, give us some help. I think we are entitled to it. If they can't make it work, then I say do away with the whole system. We have reached the point now where we either have to produce or move along.

I thank you, Mr. Chairman. I am not trying to be harsh, critical, or unfair but I rather imagine my feeling is typical of most Members of Congress. We either have to do something or get out of the business.

Mr. ROONEY. I appreciate your very candid observations.

Mr. PICKLE. Thank you, Mr. Chairman. I have been asked to come to the floor. One of the bills I am author of is up and I need to be over there.

Mr. ROONEY. You may be excused.

Mr. PICKLE. I am glad to see you here. But for the grace of some kind of providence I might be in your position. I am glad it has been your decision because it is good for the committee and good for the American people because you are an outstanding chairman who is going to do something about the Inter-American run, I am sure.

[Testimony resumes on p. 154.]

[Mr. Pickle's prepared statement and attachments follow:]

STATEMENT OF HON. J. J. PICKLE, A REPRESENTATIVE IN CONGRESS FROM THE  
STATE OF TEXAS

Mr. Chairman, needless to say, I have appeared before you previously, on the subject of Amtrak and its service in Texas. In fact, when we started the National Rail Passenger Corporation, I sat up there with you.

I will not rehash old testimony. Your records have that. In fact, your committee man, Bill Druhan, has a very complete knowledge of the train that runs through my district. As a former professional staff member of the Commerce Committee's Subcommittee on Investigations, Bill directed the staff investigation of the Inter-American and Amtrak's Texas service. This report was issued in July of 1975.

So, there is no need to tell you or Bill about past events.

This past summer, two steps were taken that were recommended by that Subcommittee report. We now have Amfleet equipment and next summer we hope this cures the incredibly bad time we have had with air conditioning.

Also this past summer, the Inter-American was a daily train. As a daily train, the route picked up a \$500,000 mail contract. But lo and behold, the August meeting of the Amtrak Board of Directors voted 3 to 2, with a couple of members ruled not eligible, to discontinue daily service. I will not detail how an original 4 to 3 vote to continue daily service was snagled to become a 3 to 2 vote to discontinue, but I will state my extreme disappointment with this action.

The short 2-month trial period was not long enough to take hold, nor to give a true estimate of the potential of daily service.

At the same time, I do not need to go over present inadequacies. As I said, there is no need to repeat statements previously made.

Instead, I would like to focus on the future. Even though I will not use the crude version of the saying, in my part of the country we generally say a person should either do his business or move on and let someone else have a chance.

This is my general feeling about Amtrak—either the Corporation moves positively to make passenger trains workable, or Congress should consider shutting the whole thing down.

Two recent developments have occurred vis-a-vis Texas that I must bring to the attention of the committee.

First, on August 2, 1977, Mr. Reistraup sent to me a proposal for new routing of the Inter-American. The Inter-American would become a train operating between St. Louis to Temple or San Antonio, Texas. Service to Laredo would consist of a spur, or feeder train off of the Chicago to Houston train, the Lone Star. The spur would split off of the Lone Star in Temple, Texas, and then travel to Laredo. In reverse, the spur train would leave Laredo and hook up to the Lone Star in Temple on its way to Chicago. Mr. Chairman, I cannot begin to specify the various reasons for the proposal, or the various time changes.

Frankly, I doubt I could keep your attention through the droning of train schedules.

But I do ask that the proposal sent to me by Amtrak be made part of the hearing record.

I would say that this proposal has received a strong endorsement of the Austin Chamber of Commerce. I ask that their letter be made part of the hearing record.

Another recent development, which I am sure is receiving the attention of the subcommittee, is Amtrak's five year report. This report recognizes a very important rail transportation potential in what is called the Texas Triangle.

One of the largest, and still growing population corridors in the United States is the Dallas—Ft. Worth to Houston to San Antonio corridor. Car and air services in this corridor is not perfect.

The Amtrak Five Year Report says exactly what I'm saying, but proposes nothing to enhance rail travel in the Triangle. Amtrak says improvements would be costly, and will have to wait on improvements to the long distance trains serving the Triangle. As you know, such service is presently pathetic. For example, the Dallas—Ft. Worth to San Antonio corridor is not served daily, and a major population center in the corridor, Waco, is by-passed.

A more positive approach would be to start planning today for high speed trains to serve the Texas Triangle. The long distance trains, the Inter-American, the Lone Star, and the Sunset Limited, could supplement this corridor service.

My personal opinion of these two new statements is this: If this is just big talk, more promises, more smoke from Amtrak, I want no part of it. The people of Texas want no part of it either. When Amtrak delivers, we will be appreciative.

I cannot close my testimony without pointing out the lack of cooperation of the Missouri Pacific Railroad Company. The Inter-American runs on the tracks of the Mo-Pac for most of its run.

Mo-Pac has consistently side-railed the Inter-American so its freight trains could pass. This action, repeated and willful, is counter to congressional mandate. Mo-Pac has consistently held the speed of the Inter-American down low, and this too is counter to congressional mandate.

Mr. Chairman, I would ask that the hearing record include at this point an article that appeared in the *Washington Star* about Amtrak's battle with the Missouri Pacific.

After this article appeared, after I criticized Mo-Pac in a Ways and Means hearing on the waterways tax (and after the Justice Department agreed to sue Mo-Pac), the company did sit down with Amtrak on August 8 of this year.

The meeting produced an agreement for greater speeds, and no intentional side-tracking.

I hope the agreement sticks, but it takes the two-by-four to get Mo-Pac's attention. It may take a cocked gun to keep their attention.

This concludes my report, Mr. Chairman, and I'll be happy to answer any questions.

RESTRUCTURING OF CHICAGO-TEXAS-MEXICO SERVICE TRAINS 15/16 AND 21/22

AMTRAK MARKETING RESEARCH DEPARTMENT

JUNE, 1977

#### RECOMMENDATION

It is recommended that the schedule times of Trains No. 15, No. 16, No. 21 and No. 22 be reversed and that service from Chicago to Laredo be operated as a leg off of Train No. 15 and No. 16. This leg would operate as a separate train between Temple and Laredo. The "Inter-American" would be operated overnight between St. Louis and Little Rock, terminating at San Antonio. This schedule would serve the populated areas of the route (Little Rock and south) in daylight, give Amtrak access to the Hot Springs-Ozark recreation area and provide twice daily service between Ft. Worth and San Antonio, thus helping to develop local business in this congested Texas corridor. Connections would also be established at San Antonio between the new schedule of the "Inter-American" and the "Sunset LTD" and at St. Louis between the "Inter-American" and the "National Limited". Reversal of Train 15/16's schedule provides greatly improved service at Kansas City (offsetting losses incurred else-



where) while operation of the Laredo service as a leg of this train improve the connection to Mexico and links together a large affinity market stretching from south Texas through Oklahoma to Kansas.

These proposed changes would, in total, have a positive impact on ridership and revenues. System ridership would increase by 146,800 passengers per year while revenues would increase by \$3,588,819/per year (see Figure 16).

#### DISCUSSION

##### I. Train 21/22 restructuring

A. *Schedule effect*—It is proposed that the schedules of Train 21/22 be reversed and that service to Laredo be operated via Train No. 15 and No. 16 thus necessitating a reversal of the current schedule pattern. Train No. 21 and No. 22 would be terminated at San Antonio in place of Laredo. Figure 1 shows the proposed schedule of the "Inter-American". Figure 8 shows the proposed schedule of the "Lone Star".

The new proposed schedule would provide excellent overnight service between Chicago/St. Louis and Little Rock/Dallas. It accomplishes this by traversing the sparsely populated Missouri/Arkansas section of the route at night.

FIGURE 1  
CHICAGO—ST. LOUIS—DALLAS—FORT WORTH

No. 21	No. 303	No. 301		No. 300	No. 22	No. 304
5:30 p.m.	12:30 p.m.	8:10 a.m.	Chicago	10:00 a.m.	1:15 p.m.	9:45 p.m.
8:40 p.m.	3:35 p.m.	11:16 a.m.	Springfield	6:34 a.m.	9:55 a.m.	6:20 p.m.
10:50 p.m.			St. Louis		8:30 a.m.	
11:20 p.m.	5:45 p.m.	1:30 p.m.	Poplar Bluff	4:20 a.m.	7:20 a.m.	4:30 p.m.
3:04 a.m.					3:00 a.m.	
3:10 a.m.			Little Rock		2:55 a.m.	
6:45 a.m.					11:20 p.m.	
7:00 a.m.			Texarkana		11:10 p.m.	
10:00 a.m.					8:10 p.m.	
10:15 a.m.			Longview		7:55 p.m.	
12:20 p.m.			Dallas		5:45 p.m.	
3:25 p.m.			Fort Worth		3:00 p.m.	
4:30 p.m.					1:55 p.m.	
4:45 p.m.			Temple		1:40 p.m.	
7:05 p.m.					11:05 a.m.	
7:15 p.m.			Austin		10:55 a.m.	
9:00 p.m.			San Antonio		9:05 a.m.	
10:50 p.m.					7:10 a.m.	

The schedule would also provide convenient service to the resort of Hot Springs, Arkansas. Hot Springs, Arkansas is one of the most famous and popular year-round vacation and health spas in the U.S. It is also one of the Gateways to the Ozark Plateau. The proposal would also provide connections to the "Sunset LTD" at San Antonio and to the "National Limited" at St. Louis.

Note that the intermediate population between Chicago and Dallas/Ft. Worth, as shown in Figure 2, is approximately the same on Trains 21/22 and 15/16.

Figure 3 shows the stations affected positively by the proposed schedule change while Figure 4 shows the stations affected negatively. Figure 5 shows the net increase in passengers and revenues as a result of the schedule change on the "Inter-American". As can be seen the train will carry an additional 26,497 passenger per year which will generate an additional \$591,678 in transportation revenues per year.

The effect of city schedule times on patronage was derived from several sources. The elasticity factor for large cities was developed by comparing Kansas City-Chicago end-point ridership, a market with poor service hours, with two markets where there is a good daylight schedule: Chicago-Minneapolis and Chicago-St. Louis. Ridership in these markets was adjusted for different train frequencies and for differences in population. This comparison showed that (schedule times have a substantial ridership effect; approximately a 100-percent increase in patronage when going from a night schedule to a day schedule and a 50-percent decline in patronage when going from a day schedule to a night schedule.

For the schedule effect at small and intermediate cities, passenger boardings at Birmingham and Montgomery before and after the schedule change on the "Floridian" were investigated. These figures show that the train schedule times



have a substantial effect on ridership. When going from a ridership increases. When going from a schedule ridership.

As further confirmation, passenger boardings at were compared with passenger The data indicated similar findings to the above data.

FIGURE 2.—Intermediate Population Chicago-Dallas/Ft. Worth on Trains 15/16 and 21/22

"LONE STAR" VERSUS "INTERAMERICAN"	
Chillicothe (Peoria)-----	133, 015
Galesburg-----	36, 290
Fort Madison-----	36, 290
LaPlata-----	1, 377
Marcelline-----	2, 622
Carrollton-----	4, 847
Kansas City-----	1, 253, 916
Lawrence-----	45, 698
Topeka-----	155, 322
Emporia-----	23, 327
Newton-----	15, 439
Wichita-----	389, 352
Arkansas City-----	13, 216
Ponca City-----	25, 940
Perry-----	5, 341
Guthrie-----	9, 575
Oklahoma City }-----	640, 889
Norman-----	
Purcell-----	4, 076
Pauls Valley-----	5, 769
Ardmore-----	20, 881
Galnesville-----	13, 830
	2, 814, 718
Bloomington-----	39, 992
Springfield-----	91, 753
Alton-----	39, 700
St. Louis-----	2, 323, 700
Poplar Bluff-----	16, 653
Walnut Ridge-----	3, 800
Newport-----	7, 725
Little Rock-----	132, 483
Malvern-----	8, 739
Texarkana }-----	52, 179
Marshall }-----	
Longview-----	45, 547
	2, 761, 871

FIGURE 3

INTER-AMERICAN STATIONS AFFECTED POSITIVELY

City	Total current boardings tri-weekly	Projected boardings daily	Projected boardings new schedule
Little Rock: <sup>1</sup> 1-way only-----	8, 662	15, 159	22, 739
Malvern <sup>2</sup> -----	743	1, 300	2, 921
Texarkana <sup>2</sup> -----	1, 967	3, 442	7, 745
Marshall <sup>2</sup> -----	752	1, 316	2, 965
Longview <sup>2</sup> -----	1, 409	2, 466	5, 549
Dallas: <sup>1</sup> 1-way only-----	16, 015	28, 026	42, 039
Total-----	29, 548	51, 709	83, 958
Passenger increase-----			32, 249
Average transportation revenue per passenger on No. 21 and No. 22-----			\$22.33
Total revenue increase-----			\$720, 120

<sup>1</sup> Partially affected cities 50 percent increase in passengers.

<sup>2</sup> Small and medium cities 125 percent increase in passengers.

FIGURE 4  
INTER-AMERICAN STATIONS AFFECTED NEGATIVELY

City	Total current boardings tri-weekly	Projected boardings daily	Projected boardings new schedule
Poplar Bluff <sup>1</sup> .....	2,833	4,958	2,479
Walnut Ridge <sup>1</sup> .....	2,255	3,946	1,973
Newport <sup>1</sup> .....	1,486	2,601	1,301
Total.....	6,574	11,505	5,753
Passenger decrease.....			5,752
Average transportation revenue per passenger on No. 21 and No. 22.....			\$22.33
Revenue loss.....			\$128,442

<sup>1</sup> 50 percent decrease in passengers.

FIGURE 5.—*Ridership and transportation revenue impact of reverse schedule  
No. 21 and 22*

Passenger increase.....	32,249
Passenger decrease.....	5,752
Net passenger increase.....	<sup>1</sup> 26,497
Revenue increase.....	\$720,120
Revenue decrease.....	128,442
Net increase in transportation revenue.....	591,678

<sup>1</sup> Per year.

FIGURE 6.—*Transportation revenue and ridership impact of terminating the  
Inter-American at San Antonio*

Current through ridership on Inter-American south of San Antonio— Tri-Weekly operation.....	6,277
Projected yearly ridership loss (Daily Operation) on the Inter-American from terminating train in San Antonio.....	10,985
Average revenue per passenger on the Inter-American.....	\$22.33
Total projected loss in transportation revenues from terminating the Inter-American in San Antonio.....	245,295

FIGURE 7.—*Transportation revenue and ridership gain on the Inter-American*

Net increase in passengers train No. 21 and No. 22 schedule change...	26,497
Projected yearly ridership loss with termination of Inter-American in San Antonio.....	(—10,985)
Total schedule change increase in ridership on the Inter-American...	<sup>1</sup> 15,512
Frequency increase on the "Inter-American" (see Section III).....	14,728
Total increase in ridership on the Inter-American.....	<sup>1</sup> 30,240
Net increase in transportation revenue on Inter-American schedule change.....	\$591,678
Projected decrease in transportation revenue with termination of Inter-American in San Antonio.....	(245,295)
Total projected schedule change increase in transportation revenue on Inter-American.....	<sup>1</sup> 346,383
Projected increase in transportation revenue frequency effect (see Section III).....	147,280
Total projected increase in transportation revenue on Inter-American...	493,663

<sup>1</sup> Per year.

**B. Termination of the "Inter-American" at San Antonio**—As a result of the changed schedule on the "Inter-American" the train would not have acceptable arrival and departure times at Laredo and would not connect with the National Railways of Mexico. Because of this, the "Inter-American" should be terminated at San Antonio with the Laredo leg operated off of the rescheduled "Lone Star".

Terminating the "Inter-American" in San Antonio would slightly reduce revenue and ridership on the train. This loss was estimated for the daily operation of the train and it results in a loss of 10,985 passengers per year and a transportation revenue loss of \$245,295. These estimates assume daily operation of the train Ft. Worth-Laredo. This is shown on Figure 6.

Figure 7 shows the total transportation revenue and ridership gain to the "Inter-American" from operating the train on a different schedule and from terminating the train in San Antonio. The total system effect of the proposed changes to the "Lone Star" and the "Inter-American" is shown on Figure 16.

## II. TRAIN 15/16 RESTRUCTURING

**A. Schedule effect**—As part of restructuring of the Chicago-Texas service, the schedule of the "Lone Star" would also be changed. Figure 8 shows the schedule of this proposed service. The new schedule results in an excellent daylight schedule between Chicago and Kansas City and an overnight schedule between Kansas City and Dallas-Ft. Worth. The biggest impact in ridership is at Kansas City. With No. 15 and No. 16's present schedule, Kansas City has rather poor arrival and departure times (12:15AM westbound and 2:15AM eastbound). Since Kansas City (SMSA population 1,271,515) is the fourth largest city on the route, these poor arrival and departure times substantially reduce ridership in this large metropolitan market.

Another key competitive factor in the Chicago-Kansas City market is the level of intermodal competition. There is no direct interstate highway between Chicago and Kansas City; all buses and autos must travel via St. Louis. The competitive effect of this circuitous routing is shown in Figure 9.

FIGURE 8

SCHEDULE					
#13	#460	#15		#4	#16
6:30p		11:00a	Chicago	1:35p	4:30p
2:00a		6:45p		5:50a	8:35a
2:00a		7:00p	Kansas City	5:35p	8:20a
3:30a		8:20p	Topeka	4:05a	6:50a
		11:30p	Wichita		3:45a
		2:50a			12:15a
		3:00a	Oklahoma City		12:05a
		7:20a	Ft. Worth		7:55p
7:30a	7:35a		Ft. Worth	7:40p	7:40p
			Dallas	6:45p	
8:35a			Temple		5:25p
		10:00a	Houston		1:30p
		1:55p			
10:10a			Temple	5:15p	
11:55a			Austin	3:25p	
1:45p				1:30p	
1:55p			San Antonio	1:20p	
6:15p			Laredo	9:30a	
6:55p			Nuevo Laredo	7:20a	

FIGURE 9

## INTERMODAL COMPETITION

Mode	Frequency	Time	mileage	Cost
Auto.....		11 hr 45 min.....	546	\$81.90
Bus.....	4	13 hr 20 min to 14 hr 45 min.....	546	27.00
Rail.....	2	8 hr 15 min.....	450	29.50
Air.....	60	1 hr 20 min.....		56.00

As a result of these factors ridership and revenues from a reversed schedule on Trains No. 15 and No. 16 are positive. Figure 10 shows the statious affected positively by the proposed schedule while Figure 11 shows the stations affected negatively. The methodology utilized was explained in item I.A.

Figure 12 shows the net increase in passengers and revenues as a result of the schedule change. Because of the schedule change the "Lone Star" will carry an average of 48,354 additional passengers per year which will geuerate additional transportation revenues of \$1,036,710 per year.

B. *Operation of Laredo Leg Via Train 15/16*—The proposed schedule change to the "Inter-American" necessitates operation of the Laredo service via Train No. 15 and No. 16. This would provide good schedule times at Laredo and much more reliable connections to the "Aztec Eagle".

Adding a Temple to Laredo leg on the "Lone Star" increases ridership and revenues.

In addition, a Chicago to Laredo routing via the "Lone Star" would provide faster more reliable service and better connections to the N.D.M. It is assumed that the Laredo leg of the "Lone Star" would operate daily between Temple and Laredo as a coach-only train.

As a result of the additional train schedule between Ft. Worth and San Antonio and the faster more reliable service to Laredo, the tri-weekly patronage carried ou Train 21/22 shou'd more than double (based on Marketing Research ridership model). It was estimated that patronage on the Laredo leg of the "Lone Star" would increase by 105 percent. The projected volume is shown on Figure 13.

Adding the Laredo leg to the "Lone Star" will thus add au average of 53,478 passengers per year and \$1,194,164 in yearly transportation revenues to the "Lone Star". Figure 14 shows the total transportation revenue and ridership gain to the "Lone Star" from operating the train on a different schedule and operating a daily leg of the train to Laredo.

The total system effect of the proposed changes to the "Lone Star" and the "Inter-American" is shown on Figure 16.

FIGURE 10

## LONE STAR STATIONS AFFECTED POSITIVELY

	Current boardings	Total	Projection
Kansas City <sup>1</sup> .....	1,636	32,994	65,98
Lawrence <sup>2</sup> .....	31,358		
	195	5,813	13,079
	5,618		
Topeka <sup>2</sup> .....	1,050	15,311	34,450
	14,261		
Emporia <sup>2</sup> .....	122	2,756	6,201
	2,634		
Newton <sup>2</sup> (1 way only).....	413	9,597	21,593
	9,184		
Wichita <sup>2</sup> (1 way only).....	751	14,631	32,920
	13,880		
Total.....		81,102	174,231

<sup>1</sup> Large cities 100-percent increase in passengers.

<sup>2</sup> Small and medium cities 125-percent increase in passengers.

<sup>3</sup> Partially affected cities 50-percent increase in passengers.

Note: See the following table:

Passenger increase.....	93,129
Average transportation revenue per passenger trains Nos. 15 and 16.....	\$21.44
Total revenue increase.....	\$1,996,686

**FIGURE 11**  
**LONE STAR STATIONS AFFECTED NEGATIVELY**

	Current boardings	Total	Projection
Ponca City <sup>1</sup> .....	280	8,400	4,200
Perry <sup>1</sup> .....	8,120		
	248	5,278	2,639
Guthrie <sup>1</sup> .....	5,054		
	102	3,156	1,578
Oklahoma City <sup>1</sup> .....	3,054		
	2,792	42,832	21,416
	40,040		
Norman <sup>1</sup> .....	308	10,793	5,397
Purcell <sup>1</sup> .....	10,485		
	60	6,471	3,236
Pauls Valley <sup>1</sup> .....	6,411		
	71	2,947	1,475
Ardmore <sup>2</sup> (1 direction).....	2,876		
	211	7,846	5,885
Gainesville <sup>2</sup> (1 direction).....	7,634		
	388	7,512	5,634
<b>Total</b> .....		<b>96,235</b>	<b>51,460</b>

<sup>1</sup> 50-percent decrease in passengers.<sup>2</sup> Partially affected cities 25-percent decrease in passengers.

Note: See the following table:

Passenger decrease.....	44,775
Average transportation revenue per passenger trains Nos. 15 and 16.....	\$21.44
Revenue loss.....	\$959.97

**FIGURE 12.—RIDERSHIP AND TRANSPORTATION REVENUE IMPACT OF REVERSE  
SCHEDULE, No. 15 AND No. 16**

Passenger increase.....	93,120
Passenger decrease.....	44,775
Net passenger increase.....	<sup>1</sup> 48,354
Revenue increase.....	\$1,966,686
Revenue decrease.....	959,967
Net transportation revenue increase.....	<sup>1</sup> 1,036,710

<sup>1</sup> Per year.

**FIGURE 13.—TRANSPORTATION REVENUE AND RIDERSHIP IMPACT OF LAREDO LEG ON  
THE LONE STAR**

Total projected through ridership south of Temple—Daily Operation.....	53,478
Average revenue per passenger on the Inter-American.....	\$22.33
Total projected transportation revenue on Lone Star Laredo leg.....	\$1,194,164

**FIGURE 14.—Transportation Revenue and Ridership Gain on the Lone Star**

Net increase in passengers trains No. 15 and No. 16 schedule change.....	48,354
Projected yearly ridership on Lone Star south of Temple.....	53,478
Total schedule change increase in Lone Star ridership.....	<sup>1</sup> 101,832
Frequency increase on the "Lone Star" (see Section III).....	14,728
Total increase in ridership on the Lone Star.....	<sup>1</sup> 116,560
Net increase in transportation revenue on Lone Star schedule change.....	\$1,036,710
Projected increase in transportation revenue on Lone Star Laredo leg.....	1,194,164
Total projected schedule change increase in transportation revenue on Lone Star.....	<sup>1</sup> \$2,230,874
Projected increase in transportation revenue on Lone Star.....	147,280
Total projected increase in transportation revenue on Lone Star.....	<sup>1</sup> 2,378,154

<sup>1</sup> Per year.

### III. Frequency effect

As a result of originating the Laredo leg off of Train No. 15/16 at Temple there would be two daily frequencies between Ft. Worth and Austin; population 323,158 and San Antonio; population 888,179. This would substantially increase service and ridership in this congested corridor.

According to the study by the Texas Transportation Institute the Dallas-Ft. Worth to San Antonio corridor is the most congested in the state and has the greatest potential for rail transportation. Also in this corridor rail is competitive with the highway modes. Figure 15 (below) lists the intermodal relationships in the corridor.

FIGURE 15  
INTERMODAL COMPETITION

Mode	Frequency	Time	Mileage	Cost
Auto.....		5 hr 40 min.....	270	\$140.50
Bus.....	15	6 hr 20 min to 7 hr 15 min.....	270	16.70
Rail.....	1	7 hr 25 min.....	312	19.50
Air.....	29	47 min.....		41.00

<sup>1</sup> At 15 cents per mile.

As was noted previously, adding the Laredo leg to the "Lone Star" with the "Inter-American" terminating in San Antonio will double the current train frequency between Ft. Worth and San Antonio. This will increase patronage through the frequency effect. As a result of this effect local ridership on the two trains should more than double from the single train base ridership. Twice daily frequency increases patronage on the two trains by 29,456 passengers per year and transportation revenues by \$294,560 per year. The system effect of these ridership increases is shown on Figure 16.

Figure 16 also shows the total system effect of the proposed changes to the "Lone Star" and the "Inter-American". The proposed changes in operations increases yearly system ridership by 146,800 passengers and yearly system revenues by \$3,588,819.

As a result of terminating the "Inter-American" in San Antonio while extending a leg of the "Lone Star" from Temple to Laredo 306 daily train miles (153<sup>1</sup> miles each way) are added to the system. Figure 17 shows the incremental system effect of adding these new train miles to the system.

FIGURE 16

#### REVENUE AND RIDERSHIP IMPACT OF ALTERING THE SCHEDULES OF TRAINS NOS. 15, 16, 21, AND 22

	Passenger increase (per year)		
	"Lone Star" <sup>1</sup>	"Inter-American" <sup>1</sup>	System increase
Schedule change.....	101,832	15,512	117,344
Frequency increase, Fort Worth-San Antonio.....	14,829	14,728	29,456
Total.....	116,560	30,240	146,800

<sup>1</sup> Figures assume daily operation Chicago-San Antonio.

#### REVENUE INCREASE PER YEAR

	"Lone Star" <sup>1</sup>	"Inter-American" <sup>1</sup>	System increase
Transportation.....	\$2,378,154	\$493,663	\$2,871,817
Food and beverage <sup>2</sup> .....	237,815	49,366	287,181
Total.....	2,615,969	543,029	3,158,998

<sup>1</sup> Figures assume daily operation Chicago-San Antonio.

<sup>2</sup> Food and beverage at 10 percent of transportation revenue.

<sup>1</sup> San Antonio to Laredo train miles on the "Lone Star" leg are offset by terminating the "Inter-American" at San Antonio. The net addition of train miles is between Temple and San Antonio.

FIGURE 17.—Incremental System Effect—Temple to Laredo Extension of the "Lone Star"

Total system passenger increase-----	71, 940
Average system passenger increase/trip-----	99
Annual train miles added-----	<sup>1</sup> 111, 690
Incremental revenue passenger miles/Incremental train mile-----	<sup>2</sup> 116
Incremental transportation revenue/Incremental train mile-----	\$12. 25
Average trip length for additional passengers-----	<sup>2</sup> 180

<sup>1</sup> Per year.<sup>2</sup> In miles.AUSTIN CHAMBER OF COMMERCE,  
Austin, Tex., September 6, 1977.

To: Congressman J. J. (Jake) Pickle.

From: John H. Gray, Manager, Traffic and Transportation Department.

In response to your letter of August 5 so requesting, this Chamber's Amtrak Committee met August 17 to consider Amtrak's proposal (dated June, 1977) sent to you on August 2 by Amtrak's President Paul Reistrup for restructuring of Chicago-Texas-Mexico service.

Our committee voted unanimously to strongly endorse and urge immediate implementation of this proposal. Its impact upon Austin would be almost entirely favorable . . . Austin would have two daily trains in each direction; the southbound connection at Laredo for Mexico City would be met; Austin would keep direct service to Little Rock and St. Louis, and would gain direct service to Oklahoma City and Kansas City, plus a second train to Chicago, plus connections at St. Louis with the National Limited for the east coast. Best of all, daily Austin service would apparently again be restored, after the recent rude shock of its loss following only a one-month summer trial (during which month, thanks somewhat to Amtrak but mostly to Missouri Pacific's obstructionism, the service was abominable, with train's either very late or cancelled).

The proposal is impressive. Somebody in Amtrak is finally looking at this orphan service (badly routed, planned, equipped, and operated since its inception; yet attracting surprising ridership without any reasonable degree of comfort, convenience, or dependability) with a businesslike and analytical determination to logically solve the problems, not shuffle them around and deal from the bottom of the deck yet one more weary time. The potential market on these Texas routes is very large, and the travelling public will respond impressively, if ever given the decent routes, schedules, equipment, service, and the tender-loving care and attention which every passenger transportation organization should always employ.

Our committee's strong support of this proposal's early implementation, however, in no way mitigates our continuing demand (since 1970!) that the Interamerican must eventually be re-routed over renovated M.K.T. tracks direct from Dallas via Waco to Austin and San Antonio (the major demand corridor for this train); Fort Worth should have no valid complaint since the Lone Star would be giving them direct Chicago, Kansas City, Austin, San Antonio, and Laredo service—and a shuttle to the Interamerican at Dallas could give them Dallas, Little Rock, and St. Louis service (no one can successfully challenge that Dallas is the traffic focal point; 80 percent of the Austin/San Antonio traffic market is with Dallas).

Nor does our endorsing this proposal reduce our insistence on the absolute necessity of restoring pullman service to the Laredo train, as soon as Amtrak's supply of pullmans which have been converted to head-end power is sufficient. Not only will this restore compliance with ICC regulations, but it is also vital to realizing this train's Chicago-Mexico City market potential by tackling and solving the problems involved to quickly and permanently inaugurate Chicago-Mexico City Thru-Car Service. Only then will Chicago-Texas-Mexico service become what it should be, what Amtrak originally planned it to be, and what the travelling public's realmarket potential deserves.

We very much appreciate your requesting our reaction and comments on Amtrak's own re-structuring proposal. Please forward a copy of this letter, if possible, to President Reistrup.

Amtrak's re-structuring proposal is sound and badly needed. Is there some way you can persuade them to quickly do it, and then get on with other badly needed things . . . such as a new Austin Amtrak station, joint use of San Antonio's Southern Pacific station, directly re-routing the Interamerican over improved M-K-T tracks between Dallas-Waco-Austin-San Antonio, etc?

## MISSOURI PACIFIC AND AMTRAK ON A COLLISION COURSE

TRAINS RUNNING EIGHT HOURS LATE; PHANTOM FREIGHTS

(By Stephen M. Aug)

The way William B. Stroug, a Memphis machinery salesman, tells it, all is not well between the Missouri Pacific Railroad and Amtrak.

The problems on his trip from Little Rock, Ark., to Laredo, Tex., began at the Little Rock station when Amtrak's "Inter-American" was about 30 minutes late arriving.

"That wasn't very unusual," Strong recalled the other day, "but when we didn't leave more or less immediately I asked what was going on." A trainman, he says, told him the delay was to give the engineer time to repair the headlight.

After what seemed like a long time, Strong saw what he thought was the engineer strolling back through the sleeping car. "He spoke to the porter and a man I believe was an un-uniformed flagman from the rear asked what was holding up the train. The flagman said, 'we're waiting on you to fix the headlight.' And the engineer said, 'that's been fixed for 30 minutes' and he was waiting for a highball" (a signal from the conductor to start the train).

Within minutes the train started—after a full hour at Little Rock and an hour and half behind schedule.

The apparent lack of communication between the engineer and the conductor was still on Strong's mind a few minutes later when he saw the conductor and noticed he wasn't carrying a radio as train crewmen usually do. It turned out that on the Missouri Pacific, radio communications between engine and crew members are for freight trains only.

Then there was the "phantom" freight train. About a mile from Devine, Tex., south of San Antonio, the Inter-American came to a milepost in a sparsely settled area and stopped. The conductor, Strong recalled, said "our train orders tell us to wait here at this point" until a certain time. He said it was just poor dispatching, there really wasn't any problem.

But Strong later learned that the Inter-American is often ordered to stop at the milepost near Devine even though there is no passing freight train in sight. Chasing a phantom freight across Texas, he called it.

By the time the train arrived in Laredo it was more than two hours late, resulting in Strong missing a connection to Mexico City.

Strong's experience with the Inter-American—or, more to the point his experience with the Missouri Pacific which operates part of the Inter-American—is turning out to be fairly typical.

Amtrak officials contend that, of the 18 railroads that operate its trains, Mopac is by far the most difficult to deal with. The litany of Amtrak complaints includes:

One of the worst on-time records in the system despite the fact that Mopac is generally considered a profitable, well-maintained rail system. Statistically, when Amtrak trains are late, the systemwide average is 51 minutes late. On Mopac, when they are late, Amtrak trains are averaging 144 minutes behind schedule time.

Mopac is moving Amtrak trains too slowly. Mopac has a 60-mile-an-hour limit for both passenger and freight trains. Most railroads allow higher speeds for passenger trains and, until about five years ago, so did Mopac. So, while Santa Fe operates Amtrak trains at 90 miles an hour, and most other railroads run them 79 miles an hour, on Mopac they're limited to 60.

Despite the fact that the law prohibits railroad from sidetracking Amtrak trains so freights can go by—except in emergencies—Mopac does it routinely. Freight train interference is the biggest cause of Amtrak delays on Mopac: 45 percent of all time lost is due to freight train interference and 40 percent of all instances of delay are due to freight trains.

Amtrak trains on Mopac are late so frequently that on 29 instances between March 2 and July 2—roughly one out of every four trips on the Inter-American—Amtrak had to provide buses for passengers from St. Louis to Chicago. Buses cost Amtrak \$484 for each trip.

There have been other problems involving the Mopac as well. A couple of years ago the Missouri Pacific refused to allow a Federal Railroad Administration track inspection car onto its tracks because of a squabble over who would pay for liability insurance.



Then there was the time this past June when a dispatcher in a tower near the Dallas railroad station refused to allow Amtrak's Inter-American to back into an unoccupied track—others were occupied by freight or mail trains—because he wanted to put another freight train on the track. According to one observer, he told an Amtrak representative at the station that his salary was paid by freight revenues and not by "damn" Amtrak passenger trains.

When an ambulance was required to evacuate a sick dining-car cook, the same day, it was delayed because the train was too far out into the yards. The train finally left Dallas about four hours late.

But what really infuriated Amtrak's management was the trip the Inter-American made on June 19. The train—which runs between Chicago and Laredo—arrived at Laredo eight hours late.

So late was the train, in fact, that when it arrived at Corning, Ark., the crew's time on duty reached the maximum of 12 hours allowed under federal law. Crew members simply walked off the train and the Inter-American sat for two hours and 43 minutes waiting for a new crew.

The same day the train had to be refueled at Little Rock—not a normal fuelling stop. The reason: Delays were so long that the engine ran out of fuel. The long delays also ran down batteries in the passenger cars and air conditioning failed.

There was, it is true, a wreck at Neelyville, Mo., but the Inter-American was kept behind five freight trains before it could clear the wreck.

Nor is the poor service to Amtrak—and the resulting poor relationships between Amtrak and Missouri Pacific—a particularly new matter. There have been disputes between them for years. It was one of the first problems Amtrak President Paul E. Reistrup tried to solve when he arrived at the company 2½ years ago.

During a round of meetings with chief executives of railroads operating Amtrak trains, Reistrup met with John H. Lloyd, president of the Mopac. "I must say that at that session I found out that there were very many things that Amtrak was doing wrong and we immediately took steps to correct those," Reistrup recalled in an interview the other day.

"An awful lot of billing and accounting squabbling was going on. Some of it bordered on being ludicrous. For instance, we asked them to re-rail a locomotive and the bill was . . . what you might be charged for towing your automobile, and we refused to pay it. . . . It just caused all sorts of misunderstandings," he said.

But operating problems continued—as did a Mopac law suit against Amtrak involving rental payments for Union Station in St. Louis (which Mopac won).

Operations became so bad this past winter, that Reistrup met again with Lloyd on Jan. 12. It was, he says, "an effort to see if we really could solve some of these operating problems and encourage the . . . (Mopac) to negotiate with us a new contract. . . . to bring about improvements in the operation and also better compensation for them."

Such a new contract—adopted by most of the railroads that operate Amtrak trains—pays railroads more money for better on-time performance and improvements in other services. Amtrak currently pays Mopac about \$285,000 a month to run sections of three trains: Inter-American, Lone Star and National Limited. The Inter-American alone costs \$210,000, said one Amtrak official.

Reistrup said he made Lloyd aware of his complaints. The impression he got, Reistrup recalls, was one of, "their organization is a highly efficient, very profitable and very hard-nosed one. And, really, I think, feels that our passenger operation gets in their way."

Lloyd's view is slightly different: "In the first place . . . they haven't paid their charges in accordance with their contract. I wouldn't say they're far behind, they just nit-pick everything we assess them. We finally had to take them to court to get rental charges."

Although he concedes Amtrak and Mopac have had problems, "otherwise we wouldn't have taken them to court . . . there's no question I would love to run their passenger trains on time, because then it's easy to schedule a train. Nobody likes to receive criticism when they think they're running a good railroad, and we think we have the best railroad in the country."

Nevertheless, he does concede that Mopac freight trains interfere with Amtrak's passenger trains: "I'm sure that there are delays due to freight train interference, but when the original schedules are established it's most difficult to delay . . . our freight trains waiting for a delayed passenger train . . . I just can't stop the whole railroad waiting for a delayed passenger train." Lloyd said there are delays in terminals for which Mopac is not responsible.

Further, he said in an interview, the line south from St. Louis is a densely used freight line, apparently one reason there are more frequent delays there than on the Kansas City-St. Louis line where Mopac operates the National Limited for Amtrak.

Lloyd said, too, he is aware of the law requiring passenger trains to be given preference over freights: "We comply with it to the best of our ability."

Quite obviously, with a performance record as poor as that of the Inter-American, it is far from the most heavily used train in the Amtrak system. During the first five months of this year, it averaged almost 50 passengers per trip. On June 19 when it was delayed eight hours, only about 10 passengers were on board when the five-car train left St. Louis.

"The passenger load on that train has varied quite a lot," says Dr. Dan Monaghan, a Garland, Tex., optometrist who is also a director of the National Association of Railroad Passengers, a nationwide consumer organization. "They'll get the thing straightened out . . . Last summer they got it straightened out . . . the business built up, then they had that wreck at Hawkins, Tex., in the fall of last year."

Unable to convince Mopac to come to its terms, Amtrak officials have approached the Justice Department as a first step in suing Mopac in federal court over violations of the federal law under which Amtrak operates. Amtrak is not allowed to sue the railroads and must convince the Justice Department to do so.

The suit would charge freight-train interference. The law prohibits operating railroads from sidetracking Amtrak trains so freight can go by. This had been a principal complaint of rail passengers before the creation of Amtrak, some contending it was the railroads' way of discouraging passengers and finally getting out of a money-losing business.

Reistrup said Amtrak also may seek the aid of the Secretary of Transportation Brock Adams to force Mopac to increase its speed limit on passenger trains. Reistrup said he was unsuccessful in trying to convince the last secretary William T. Coleman, Jr., to have Mopac increase its speed, but he may have better luck with the current administration.

Under the law, the secretary may order a speed increase, but he can also decide whether the railroad is to receive extra pay for higher speeds.

Amtrak, however, may have yet another law suit against Mopac. The federal law governing Amtrak also requires railroads to provide at least the same level of service they were delivering when Amtrak began operations May 1, 1971. Mopac lowered its speed limits for passenger trains on its Kansas City-St. Louis line to 60 from 65 miles an hour in December 1972.

Mr. ROONEY. The Chair recognizes the gentleman from Illinois, Mr. Madigan.

**STATEMENT OF PAUL H. REISTRUP, PRESIDENT, NATIONAL RAILROAD PASSENGER CORPORATION (AMTRAK), ACCOMPANIED BY DON BRAZIER, VICE PRESIDENT, FINANCE, AND JOHN LOMBARDI, DIRECTOR, STATE AND LOCAL AFFAIRS—Resumed**

Mr. MADIGAN. Thank you, Mr. Chairman.

Mr. Reistrup, if we can get back to some of the things that you have said this morning—earlier this morning you identified as one of the problems, I believe at the point where Chairman Rooney was admonishing you to spend more time in the office and less time out riding the trains, you indicated that one of the problems you have is that you have not been able to attract deputies to help you with the operations of running Amtrak, is that correct?

Mr. REISTRUP. Yes; I am referring really to the operating and engineering side.

Mr. MADIGAN. Later then, when he asked you to identify one of the management decisions made recently that you felt would be beneficial for Amtrak, you said that you had instituted a 5 percent cut in man-

agement. Those two statements on the one hand that you can't get the kind of people you want and on the other hand a 5-percent cut in management ordered by you being a beneficial action have me confused. Could you explain that?

Mr. REISTRUP. Yes; I felt that we were top heavy in the managerial ranks in the administrative field. We ought to be spending not only our work dollar but our managerial dollar in getting things done, repairing equipment, managing the operation out in the field, rather than writing letters to each other in an office. We also had in the early days of Amtrak brought in people who came to us that were just available and some of whom weren't really proving out too well at Amtrak or were not at home. The eliminations were done, I hope all of them were—but the intent was that the least-performing people would go. We grade them every year on performance and the lower grades were the ones that were removed.

Mr. MADIGAN. Will any of these positions that you free up as a result of that then be changed to acquiring these operational deputies? Is that your intention?

Mr. REISTRUP. In one case, yes, Mr. Madigan. But the operations deputy that I am talking about would be at the vice-presidential level. One key person would go a long way toward solving the problem. I have someone looked but not netted for that job. There would be a vice-presidential position eliminated if that comes to pass.

Mr. MADIGAN. Let me give you an example. I hope what I have here is inaccurate. I hope it is not as bad as it appears to be. If this is correct, then it would seem to lend a lot of weight to the criticism that Amtrak is not capable of running a passenger railroad, that the management is not capable of doing that. I hope that is not true.

One of the trains being identified here for a reduction in frequency of service is the Zephyr that runs I believe from Chicago to Oakland.

Mr. REISTRUP. Yes.

Mr. MADIGAN. The material that you have provided indicates that that train has a load factor that ranges from 88.4 percent up to 98 percent. As a matter of fact, we have a thing here that indicates that some 1,312 coach seat reservations were denied by Amtrak on that train, some 357 first-class roomette reservations were denied by Amtrak and some 566 bedrooms. That is over 2,000 reservation requests that were denied, I presume because of the high load factor. I wonder why a train with a load factor like that would be scheduled for a reduction in service. But more importantly I wonder how in the world you can operate a train with that kind of load factor and lose \$10.8 million a year. These things that have been provided to the subcommittee would indicate that that is exactly what happened. Could you explain that to me?

Mr. REISTRUP. Yes, Mr. Madigan.

With the exception of the holiday period, and that sort of train does not get the crush on the Wednesday before Thanksgiving that the corridor does, the heaviest travel is in August. You picked the month. In fact the day I was on it we really were sold out. The load factor average for the year would not be that high. I would make a stab at about 55 percent. The western service is to get the new bilevel cars—they are overdue, Pullman is now on strike—and this will

add to the capacity on the trains. We will also be able to run it more economically. If you rode that train today you would not find an 88-percent load factor on it. It is a very seasonal operation, which is true of all those out west.

Mr. MADIGAN. Then instead of considering it for a reduction in service why don't we run it on a seasonal basis?

Mr. REISTRUP. This has been considered in the past. The start-up costs to, in effect, begin an operation and have all this equipment sitting around would just be prohibitive.

Mr. MADIGAN. More prohibitive than running a train in January and February and March and April because somebody is going to want to ride it next August?

Mr. REISTRUP. It might be a worthwhile exercise to go through this. It would be something like a cruise ship that you mothball except at Christmas or in the summer.

Mr. MADIGAN. Or a ski resort or any kind of seasonal business?

I want to talk to you about the dining buffet on Amtrak. It would appear here that you took in \$18 million and your expenses were \$54 million for a deficit of \$35 million. Do those figures seem to be correct?

Mr. REISTRUP. It includes coach attendants. Mr. Brazier keeps the books. I am not sure whether the sleeping car and coach attendants are in that.

Mr. BRAZIER. This would be the people associated with the dining and buffet service. The expenses, as you state, are roughly correct. It has cost us about \$56 million through August of this fiscal year and our revenues are about \$19 million through August of this fiscal year.

Mr. MADIGAN. The difference is about \$36 or \$37 million.

Mr. BRAZIER. Essentially what you said, sir.

Mr. MADIGAN. You may be interested in knowing that that is twice as much as the U.S. Postal Service lost on its entire operation in the last fiscal year. You lost twice as much as they did in 1973. You lost twice as much on food service alone as the Postal Service lost on everything.

Mr. Reistrup, can we talk about a train that I am familiar with which you and I have talked about before. I want to talk about the Chicago-St. Louis corridor which is a corridor that you once indicated to me is one of the better Amtrak routes in terms of profitability. It appears again that that train has revenues somewhere in excess of \$3 million annually and expenses in excess of \$10 million for a loss of something slightly in excess of \$7 million. I am trying to determine how that \$10 million is spent. We understand that Amtrak spends so much money with the Illinois Central, whose tracks you would be operating that train on, for the crew and the use of the tracks and in an unofficial or informal response to an inquiry Illinois Central indicates that Amtrak pays them about \$3 million a year for the crew and the use of the track. Does that roughly seem to be an accurate figure?

Mr. BRAZIER. I just don't recall those amounts.

Mr. REISTRUP. We could provide for the record a breakdown. It does not sound unreasonable because in general we pay the railroad about what the train brings in.

Mr. MADIGAN. The railroad receives a sum of money about equal to the revenues of the train?

Mr. REISTRUP. Yes, as a rule of thumb.

Mr. MADIGAN. Is that the way they base the charge that they make?

Mr. REISTRUP. No, sir. It is based on above-the-rail expenses. In the case of Illinois Central-Gulf they are still on the 1971 contract. There is an override on that—as I recall it, it is 5 percent—to cover things that might be overlooked.

Mr. MADIGAN. Then for \$3 million you have the use of the rail and the crew. Out of your capital budget which is not involved here you acquire the train. Now we have \$7 million to account for with the track and the crew and the train already accounted for. How in the world do we spend the other \$7 million?

Mr. REISTRUP. There is depreciation.

Mr. BRAZIER. It is equipment maintenance, depreciation, the fair share of station costs that support that particular route. It is general overhead of the corporation, proportionate marketing expenses, the expense of running the reservation system that is attributable to operating that train. We can give you a very detailed breakdown of how those costs were developed.

[The following information was received for the record:]

#### CHICAGO-ST. LOUIS CORRIDOR ROUTE PROFIT (LOSS) SUMMARY

For the record of the hearings in March 1977 before the House Appropriations Subcommittee on Transportation Amtrak submitted an exhibit at page 471 of route-by-route profit and loss for FY 1976. On this exhibit the Chicago-St. Louis route reflects revenues of \$3.2 million and expenses of \$10.2 million. Subsequently Amtrak has developed its Route Profitability System to determine the costs of routes and trains on a ongoing basis at a detail cost level.

The following is the detail Route Profitability Report for the Chicago-St. Louis route for FY 1977. Corporate general and administrative expenses and interest are not allocated to routes. State 403(b) payments on this route of \$400,000 are not shown in revenue below.

#### *National Railroad Passenger Corp.: Route profitability system, route profit or loss summary*

	<i>Fiscal year 1977</i>
Revenue:	
Transportation .....	\$1, 972, 448
Food and beverage .....	228, 509
Mail, express and other.....	21, 447
Subtotal .....	<u>2, 222, 404</u>
Expenses:	
Direct expenses:	
Train/engine crew.....	890, 815
Train fuel and power.....	257, 453
On board service:	
Labor .....	282, 140
Supplies .....	152, 638
Other direct.....	4, 465
Subtotal .....	<u>1, 587, 511</u>

*National Railroad Passenger Corp.: Route profitability system, route profit or loss summary—Continued*

Expenses—Continued	Fiscal year 1977
Common expenses:	
Station services.....	525,793
Transportation.....	84,183
Locomotive maintenance.....	400,388
Car maintenance.....	652,744
Track related maintenance.....	1,632
Facility related maintenance.....	1,763
Common facilities overhead.....	656,775
Other common expenses.....	825,907
Subtotal .....	3,149,185
Other railroad:	
Contract avoidable expense.....	63,352
Assumption of liability.....	14,145
Allocated performance payments.....	1,440
Subtotal .....	78,937
Operating support.....	596,928
Depreciation, taxes, and insurance:	
Depreciation .....	205,525
Taxes .....	55,951
Insurance .....	55,068
Subtotal .....	316,544
Total expenses.....	5,728,105
Profit (loss).....	-3,505,701

Mr. MADIGAN. I would like that because I think what Mr. Pickle has said and what Mr. Florio has said and I believe what Mr. Rooney believes to be true and what I think is going to have to be true, is that this subcommittee is going to have to look at what you do with your money. We are going to have to make some judgments as to whether or not we want you to continue doing that. I think that is what Mr. Reistrup says when he indicates that he wants some direction from the subcommittee as to what kind of railroad we want you to run. I don't understand the allocations of these costs. Is Amtrak self-insured or do you buy insurance?

Mr. BRAZIER. We buy insurance, Mr. Madigan. We have an insurance program. It is basically based upon a "catastrophic" insurance policy which means that we purchase insurance with relatively high deductible amounts. It is a policy that is based upon relative economics. The insurance industry rates for passenger rail service are very high. In fact, we have had difficulty—

Mr. MADIGAN. Is it purchased on a competitive basis, on a bid basis?

Mr. BRAZIER.. No; it is not. It is purchased on a negotiated basis through an insurance broker.

Mr. MADIGAN. Is the cost of insurance for the trains arbitrarily allocated within the Amtrak central office in a manner that evenly divides the costs among all the trains without regard to the specific losses of individual routes?

Mr. BRAZIER. I would have to look at our allocation formula on that, Mr. Madigan. I cannot answer that offhand. In our route profitability

system we have allocation procedures, and there are literally hundreds of formulas that address each type of cost, and how those are allocated is based on a judgment that we hope fairly allocates them to the routes. [The following information was received for the record:]

#### ALLOCATION OF PUBLIC LIABILITY INSURANCE COSTS

Amtrak's public liability insurance costs are allocated to trains on the basis of car miles operated on each train. Amtrak also pays the operating railroads for assuming the liability on their own personnel and property in Amtrak operations. This cost is charged to Amtrak and allocated to trains on the basis of train miles.

Mr. MADIGAN. It seems to me if we are going to help you be a less criticized operation that we are going to have to have a lot of detailed information so that we can show individual Members of Congress what it actually costs to run trains through their districts and in their States. The allocation of costs by Amtrak is a very important thing in making those computations. It seems impossible to me that you can actually lose almost \$11 million a year on that Chicago-Oakland train. It seems impossible to me that you can lose \$7 million a year running on a route that is Greyhound's most profitable route, the Chicago to St. Louis corridor. I don't believe those things are true. I think that the costs of other routes that are terribly unprofitable are being arbitrarily and improperly assigned to those routes and that we have to get to that. I am saying that to you because I want you to provide to the subcommittee enough information that we can understand how all of the costs are allocated within Amtrak.

Mr. BRAZIER. Mr. Madigan, may I address that for a moment before we leave the point. We are very concerned that our accounting systems and systems for determining train profitability be fair. We have done a lot of work and put in a lot of effort to assure to the best of our judgment that that is so. In addition, in order that we might not have an internal bias that possibly we did not recognize, we have asked outside operations to look at our route profitability system and allocation procedures. More specifically we have asked some of the railroads to do this who have been in rail passenger service and who have experience in this area and who have gone through the trials and tribulations in the years before Amtrak took over, of proving to the Interstate Commerce Commission that certain trains and operations were uneconomical.

Mr. MADIGAN. We have consumed 2 hours here and we go on and on and on and say a lot of things that aren't necessary. It is not necessary for you to justify to me what you are doing. What I want you to do is provide me with what you are doing so that I can look at it.

Mr. BRAZIER. We certainly will. [See pp. 167 through 196.]

Mr. MADIGAN. My last question is for Mr. Reistrup. If the Congress were to give you the additional \$55 million that you are requesting, then you would in fact interpret that as Congress meaning that they want you to continue what you have been doing, would you not?

Mr. REISTRUP. I would interpret it as continuing largely to the greatest extent what we have been doing, that there should be a continuation of the service pattern that we had in August of 1977, yes.

Mr. MADIGAN. Thank you, Mr. Reistrup. Thank you, Mr. Chairman.

Mr. ROONEY. Thank you, Mr. Madigan.

The Chair now recognizes the distinguished chairman of the full committee, from West Virginia, Congressman Staggers.

Chairman STAGGERS. Thank you, Mr. Chairman.

I want to commend you and the subcommittee for holding these hearings. I think they are very appropos and at a proper time when this organization is coming up and asking for more money. I think they need to justify it.

I want to commend you, Mr. Reistrup, for the job you are doing. I wonder if those around you are doing as good a job or doing what you want done or maybe not doing the things you want done.

I am very much interested in the questions of Mr. Madigan. The only way that this subcommittee or this Congress can do anything about it is to have the knowledge about what is going on and how the money is being spent. As he said, the least that can be done is for those who are in the different departments to supply to this subcommittee the different ways they are spending money. We have had complaints from all over this land about the way Amtrak runs. I don't say it is all bad because people who ride the Shenandoah tell me that it is a good train, well run, well equipped, clean, and doing a good job. I have not ridden it. I intend to do that. I intend to correct that right away because I would like to ride it.

There are several questions I would perhaps like to ask too but I am not going to take the time this morning. I don't know of any place in the Congress that we need more oversight than we do on Amtrak right now. You might say, "Why are you picking us out?" Because I think that rail service is important to this land. I think it is vitally important with the energy crisis that we have. For it not to be progressing and going ahead is not what Congress intended at all. We intended when it first started for this to not only get started but to progress and get better as the years go by and haul more passengers. Instead of that, it seems to me you get fewer and fewer passengers. That does not seem to me a profitable way to run the railroad.

I am not criticizing you because I think you are trying to do a good job. I do criticize some you have working for you. I think there is a lot of inefficiency in the Amtrak organization. I would like this subcommittee to go into every facet they can and if they need subpoenas to go down there to find out what is going on, we will see that they get them. If they don't, we will have the Oversight Committee turn their attention to it.

I think there are a lot of things that are going on that you don't know, and maybe if you didn't know you could not correct. I think the time has come for the Congress to know these operations and to try to correct them and to get this thing running the way it should be.

I think we need a nationwide rail passenger service. I don't think we need it piecemeal. I think it ought to be nationwide. That was the intent when it started and I think that is what it should be.

Now I would like to ask this. I understood you to say something about not adhering to the criteria and procedure—that you didn't have to do this in cutting the frequency of these trains. Is this true?

Mr. REISTRUP. Yes, Mr. Chairman. The first page of the route and service criteria explains that this is to be used for route additions, totally new routes, or elimination of routes, but not necessarily—and



the word "necessarily" is in there—but not necessarily for frequency changes.

Chairman STAGGERS. Do you think it is morally right that you don't adhere to the criteria that have been set up?

Mr. REISTRUP. If we had the time I would rather follow the criteria but not necessarily the entire criteria process, because it takes forever, with as many trains as we have. If we had to use it for every timetable change of 5 minutes, for instance, we would never be able to reschedule our trains. But I would say that we ought to have some sort of standard other than just purely economic for all of the service reductions that we have had. Basically I believe that we ought to be operating the trains daily or not at all and that would mean that the criteria process would have to be used because we cannot eliminate one unless we do use it.

I don't believe you were present in the room but I have had rather frustrating time in trying to encourage the Board that is responsible for the route criteria, and I have a vote since Congress put me on the Board, I am a member, but I have had to sort of, along with the Secretary's representative, encourage them to use it. It is really the Board's job and I have told them that.

Chairman STAGGERS. I think we ought to be working on the Board a little more then.

Mr. REISTRUP. We need new members, Mr. Chairman. Maybe you can help.

Chairman STAGGERS. I have asked the White House to appoint those members. I hope they put some members on that Board that are strict and want to see Amtrak run right and will pay attention to what is going on, and will see that these criteria and procedures are followed when important changes are being made.

Now I would like to talk about the Shenandoah. Do you know that the unions have made an agreement with Amtrak to run their crews further and save Amtrak the amount of \$298,358 a year.

Mr. REISTRUP. I am not familiar in detail but I do know that those negotiations have been going on.

Chairman STAGGERS. They have been completed. This agreement was arrived at on July 17. That is a good while ago. I think by now, Mr. Reistrup, you should have known this. If not, some of the people working for you should have told you.

I think another thing is that the schedule has been run backwards on that train all the time it has been running. Nobody wants to come in here in the nighttime. They want to come in in the morning and go out at night. It certainly was started out to go to Denver. If it had gone to Denver, I think it would have been a paying proposition, but it has never gone beyond Cincinnati. Is it ever going to go beyond Cincinnati?

Mr. REISTRUP. Mr. Chairman, I wish I could answer that. There aren't any tracks beyond Cincinnati.

Chairman STAGGERS. Don't tell me there are no tracks from Cincinnati to St. Louis.

Mr. REISTRUP. To get up to Indianapolis where we are supposed to be running, but we could go on the B and O. Of course that would not serve populous centers between Cincinnati and St. Louis.

I think that the Shenandoah is a nice operation as you have mentioned. I have been on it since we were together on the Inaugural. They have wonderful crews and good service. We are planning to change the schedule to an overnight instead of a daytime schedule. I think that is part of the intent of an experimental train, to see if it will do better on an overnight schedule.

Chairman STAGGERS. It started at the wrong end so far as I am concerned. It seemed like whoever set up the schedule did not mean it to be prosperous.

The Capital Limited used to be one of the most profitable trains and most-used trains that came into Washington because it was filled up nearly all the time coming from the West into Washington. It was a direct route. Today there is no place for it to go, just up to Cincinnati. I don't see how you can expect it to be profitable. I think some arrangement ought to be made for it to run further.

Another problem is Amtrak's concept of an experimental train. I know it was the intent of Congress when it passed the law that an experimental train not be run just once a day. It was to be run on a full-time basis. We didn't spell it out because we thought it made sense when we passed it that you would realize it was meant to give it a full trial for 2 years. Now I understand they are talking about cutting it back. There is no experimental train that will be a success when it is cut back. Anybody with common sense ought to know that. You just can't do it.

That is about all I have to say. I do want to commend you for what you are trying to do. I think you need to have somebody around you who will help you a bit.

Mr. REISTRUP. I would agree, Mr. Chairman. We have made progress. The computer area is one. Labor relations is another. I do need help though.

Chairman STAGGERS. I know you do. I wanted to tell you about this. You didn't know about the labor contract, but it does have a saving of \$289,000 a year. That ought to be something. It ought to have been computed into this loss or gain when the Shenandoah was computed because it was available.

Mr. REISTRUP. I will provide that to you as to whether or not this was taken into account on the bottom line analysis.

Chairman STAGGERS. Probably it was not even known down there. Thank you.

Mr. REISTRUP. Thank you, Mr. Chairman. I want to commend you again and the subcommittee for the work you are doing. I think Amtrak is important to this land. I think it is going to get more important. I think if an emergency should arise in the country and we have to have it, then we will have to spend billions. I think you are doing a great job not only right now but for the future of this land.

Mr. ROONEY. Thank you, Mr. Chairman.

I recognize the gentleman from New Jersey.

Mr. FLORIO. Mr. Rooney, I have a question that Mr. Santini requested that I ask. Before doing that I would observe one of the things that has come out of this meeting this morning that is new to me is the whole question of holding over members of the board and the fact that Mr. Reistrup has indicated that this has been a factor in the

delay in the implementation of the route criteria evaluations. I would suggest that either you, Mr. Chairman, individually or on behalf of the entire subcommittee direct a specific communication to the President requesting that these appointments be made as rapidly as possible so that we can have an active, interested board to cooperate as much with management as is possible in order to expedite consideration.

Mr. Santini's question is that the Interstate Commerce Commission has just completed the "Amtrak Through Route and Joint Fare Study" mandated by section 106 of the Rail Transportation Improvement Act of 1976. In his letter to the Congress transmitting that study Chairman O'Neal states, "The failure of Amtrak to offer in timely manner any meaningful comment in this proceeding denied the Commission the benefit of information peculiarly within Amtrak's possession and significantly impaired our ability to conduct a thorough study and to make a comprehensive recommendation." Mr. Santini's question is: "Why and what is your response to that?"

Mr. REISTRUP. Just a plain goof. I would even refer to it as stupid. I think that I might comment a little bit about attitude too which may have led to the goof.

I have had to practically stuff down my people's throats the idea of bus cooperation. Our timetable shows buses in it and intermodal connections are referred to and also commuter train connections on many of the pages of the timetable. But since we have been in a sort of fur-flying fight with the bus industry, many of my people, I would say 99 percent of them, disagree with me and don't think we ought to be working with the bus, and that actually carried over into this ICC study which is intermodal in nature.

Mr. FLORIO. What personnel are we talking about? When you talk about personnel who disagree with you whom are we talking about?

Mr. REISTRUP. Anybody from vice presidents down to the ticket clerk. I think it is more evident that it is ticket clerks because they don't want to sell a bus ticket and we do have these joint arrangements. I think the most important thing that we can do now is to try to recoup this. It was just basically a goof. We had a minimal submission but that is almost worse than none at all. I will see if something can be done intermodally.

Our rates are not regulated. The ICC regulates the bus rates and the through rate is much more complicated than through ticketing. Through ticketing is relatively easy. Today we do sell tickets for each mode, each of us, and it is actually a combination of fares. In other words, Bonanza But Line plus Amtrak is the way it works rather than a joint through rate. I think this needs attention.

Mr. FLORIO. Mr. Reistrup, what have you done to overcome the reluctance of employees or managerial personnel to follow directives?

Mr. REISTRUP. I have done everything within my power and even have met with the National Association of Motorbus Owners, now called the Bus Association, and all that has been forthcoming is a battle. I think that had there been some evidence of cooperation—the key to bus-rail cooperation is the attitude of both. We can't have connecting carriers that are fighting each other doing business together.

So, the attitude has to be straightened out first. For my part I am ready. Then my troops will join me. They just don't see any sense in our trying to work with somebody who is jabbing us in the side with spears all the time as a practical matter. That is a fact. Read their stuff, you can see it. You will probably hear some today.

Mr. FLORIO. Thank you, Mr. Chairman.

Mr. ROONEY. Thank you, Mr. Florio.

I have several questions but in the interest of time I am going to send these to you and would appreciate very much your reply.

[Testimony resumes on p. 197.]

[The following material was received for the record:]

October 21, 1977

Mr. Paul Reistrup  
President  
National Railroad Passenger Corporation  
AMTRAK  
955 North L'Enfant Plaza, S. W.  
Washington, D. C. 20024

Dear Paul:

As I indicated in the hearings last week, I am attaching a number of questions which were not asked then, in the interest of time.

In order that the record may be closed, I would appreciate receiving your responses as soon as possible.

Again, let me express my appreciation for your appearance at the hearings. I am sorry that we were unable to hear your testimony at the scheduled time. I recognize that retaining you for a second day precluded you from keeping a number of important appointments. This was most unfortunate and I am very sorry.

With best wishes -

Sincerely,

Fred B. Rooney, Chairman  
Subcommittee on Transportation  
and Commerce

Enclosure  
BD/cs

November 8, 1977



Honorable Fred B. Rooney  
Chairman  
Subcommittee on Transportation  
and Commerce  
Committee on Interstate and  
Foreign Commerce  
House of Representatives  
Washington, D. C. 20515

Dear Mr. Chairman:

Enclosed are Amtrak's responses to the questions  
posed in your letter of October 21, 1977.

Best personal regards.

Sincerely,

A handwritten signature in dark ink, appearing to read "Paul", enclosed within a large, stylized, handwritten loop or flourish.

Paul H. Reistrup  
President

Enclosures

## QUESTION: (#1)

Amtrak requested an operational subsidy including the Northeast Corridor of \$500 million, which was the same amount included in President Carter's budget. I understand that when you agreed to this amount, you also stated it would include certain service reductions. Would you indicate what service reductions you had in mind at that time, and how they compare with the service reductions contemplated if an appropriation for the full \$545 million authorization is not received?

## AMTRAK'S RESPONSE:

At the time of budget hearings in March 1977, Amtrak was evaluating 6 routes against the Criteria for Making Route and Service Decisions:

Chicago-Washington/Norfolk  
Chicago-Florida  
Oakland-Bakersfield  
Seattle-Portland  
Washington-Martinsburg  
New York-Philadelphia

During the intervening months these routes have been subjected to continuing study. One of the routes has been restructured (Chicago-Norfolk/Washington). Another (Chicago-Florida) is in the final stages of review.

Today our active list includes:

Chicago-Washington  
Chicago-Laredo  
Chicago-Florida  
Oakland-Bakersfield  
Seattle-Portland  
Washington-Martinsburg  
New York-Philadelphia  
Chicago-Seattle (South)  
Kansas City-NYC/Washington  
Chicago-Houston  
Chicago-NYC/Boston  
Chicago-Oakland

All of these routes are being evaluated for possible restructuring/discontinuance. If required to reduce service in order to live with a reduced appropriation, the Amtrak Board would, in all likelihood, select service from this list.

I was informed by a letter dated September 9 that you "informed the Appropriations Committees that we would try to adjust our operations to live within the amount appropriated." You then state, "Nevertheless, Amtrak management now feels that consideration of the possibility of a supplemental request by the Board is appropriate." Would you please explain why you now believe it is appropriate to go contrary to the previous promise to the Congress?

#### AMTRAK'S RESPONSE:

The previous commitment still holds in that we will adjust operations to fit within the funds made available, plus revenues. However, the commitment was made, as was our original request, before Amtrak was able to get an updated measure of cost increase trends applicable to the railroad industry. We now have an updated estimate of probable inflationary impact for the fiscal year that is some eleven million dollars higher than our original estimate. Also, detailed staff work on projected savings from service frequency decreases has only recently been completed. We have found that the upper limit on savings from frequency decreases will be reached fairly quickly, and that frequency reductions will not provide the savings originally anticipated. This is because we would be cutting trains that are returning more in revenue than can be saved by dropping these trains unless a whole route or group of routes can be discontinued altogether, thus permitting savings in heavy fixed costs. It also appears that discontinuing whole routes or groups of routes will be time-consuming under the Criteria and Procedures, and the fiscal year is already running, so that cuts will have to be more massive than originally contemplated. In light of this, Amtrak considered it obligatory to report the consequences to the national system of the actions we now feel will be required unless additional funding is approved.



## QUESTION: (#2)

In March of 1976 you wrote to the Comptroller General with regard to the criteria for route and service decisions, "This action places the authority and responsibility for critical route decisions with the Amtrak Board of Directors, and provides an informed basis from which to make the hard choices needed for route restructuring, so as to maximize the attractiveness and utility of the national system. This authority will have a major impact on the Amtrak review of system alternatives, and directly influence overall planning options." You were correct in this statement in that this was exactly what Congress intended. Can you explain why now, some eighteen months later, you contend you have not had time to implement this criteria?

## AMTRAK'S RESPONSE

Criteria and Procedures for Making Route and Service Decisions were approved by Congress in March 1976. The Corporation immediately proceeded as required by the law to develop detailed procedures for their application and these were adopted by the Board in April 1976. They included active work during the summer of 1976 in developing the necessary framework for costing and forecasting to allow objective economic assessment of both present route profitability and future likely financial contribution. These and other criteria were essential to applying Task I and II of the Route Criteria to all Amtrak routes. By November 1976 it was possible to develop and recommend a series of standards for use by the Amtrak Board in determining the marginal routes. Proscriptions for the determination of these standards are provided on pages 3-2 and 3-3 under phase I of the criteria and procedures. These standards require review annually on economic criteria and financial performance and are used to evaluate both route additions and discontinuances as well as service changes. The standards reflect the management's assessment of the financial performance by route that Amtrak management should strive to attain and lead to consideration of routes and service alternatives that would allow Amtrak to live within resource constraints. The Board adopted the recommended set of standards in November 1976 and received a detailed briefing on all routes and the application of Task I and II of the route criteria thereto.

In January 1977 six routes of the total system were recommended to the Board as warranting Task III action, i.e., determining how the economics could be improved. The six routes recommended were:

Chicago-Washington  
 Chicago-Florida  
 Oakland-Bakersfield  
 Seattle-Portland  
 Washington-Martinsburg  
 New York-Philadelphia

March 1977	Board approved restructuring of Chicago-Washington/Norfolk to improve economics
June 1977	Chicago-Washington/Norfolk restructuring implemented
June 1977	Board review completion of Task III on Chicago-Floridian route and directed management to proceed with Task IV (soliciting public comments)
June 1977	Board directed management to proceed with Task III on Chicago-Laredo and San Francisco-Bakersfield routes
August 1977	Board reviewed status of Chicago-Florida and directed management to proceed with Task V (public hearing)
October 1977	Management advised that performance standards are required by the criteria for years 1978-1982
October 1977	Management reviewed all routes within the system as required by Route Criteria and identified fourteen (14) routes as below performance standards
October 1977	Board directed management to proceed with Task III on: <ul style="list-style-type: none"> <li>- Chicago-Seattle</li> <li>- Kansas City-NYC/Washington</li> <li>- Chicago-Houston</li> <li>- Chicago-NYC/Boston</li> <li>- Chicago-Oakland/San Francisco</li> </ul>

The application of Route Criteria through Task III (evaluating ways to improve economics), Task IV (soliciting public comments) and Task V (public hearings) requires approximately 5 months.

## QUESTION: (#3)

In December of 1975, when it appeared that there would be a budget reduction for fiscal years 1976 and 1977, you prepared a list of trains that would be discontinued to compensate for the budget reduction. That list included nineteen trains, which I believe are entirely different from the trains on which you now propose to reduce service. Can you explain why there is this difference?

## AMTRAK'S RESPONSE:

The following routes considered for discontinuance in December 1975 have during the past six months been identified for some type of service adjustment.

Frequency Adjustment

Seattle-Chicago  
St. Louis-Laredo  
San Francisco-Bakersfield  
New Haven-Springfield  
Chicago-Milwaukee  
Washington-Cincinnati

Chicago to San Francisco was initially selected for frequency reduction but was exempted because of favorable increases in mail revenue.

Restructuring

Norfolk-Chicago

Chicago-Florida is under active study for restructuring in Task V of the Route Criteria process.

The differences that occur stem from changed circumstances between December 1975 and October 1977. Amtrak routes are dynamic with ridership patterns changing from year to year based on, among other things, quality of equipment and roadbed. In December 1975 decisions were based on FY 74 data. Many routes have made significant improvements since that time.

Additionally the size of the budget problem is different. In 1975 Secretary Coleman proposed a 17% reduction whereas today Amtrak faces a 10% shortfall from requirement.

QUESTION: '44.

For a number of years this Subcommittee has been informed that once new reliable equipment had replaced the dilapidated equipment inherited by Amtrak six years ago, that the service would turn around and we would commence to see Amtrak with considerable increased ridership and hopefully a profit. Do you not believe that it is now rather ironic that with the first budget crunch, you are reducing the service for trains which utilize Amfleet equipment? Is this an admission that new equipment was not the answer to Amtrak's problems, or is it an admission that Amtrak will never become viable?

AMTRAK'S RESPONSE:

The recent reductions in service levels were caused by the operating budget constraints to which you have referred. However, the reductions in the service levels were made across the entire Amtrak system and were not unique to trains which utilize Amfleet equipment. The choice of which trains were to receive frequency reductions was based on the ability to reduce operating expenses while minimizing the impact on ridership. A considerable amount of man hours was invested in developing the recommendations for the service level adjustments.

Amtrak has experienced very positive ridership increases on the routes over which new passenger equipment operates. In general, a 32% annual growth in ridership has been experienced following the introduction of new equipment. The Chicago to Detroit corridor showed a 66% annual increase in ridership after turboliner equipment was introduced in 1975. A similar ridership increase (32%) was experienced on the Los Angeles to San Diego route after Amfleet was introduced in 1976. It is realized that there are many factors which have affected the ridership growth on these routes. However, it is the presence of attractive, comfortable and reliable passenger equipment that is the one factor that is common to all routes which have experienced these significant increases in ridership.

Amtrak is by definition already a viable passenger service since it has for the last six years operated a growing national rail passenger system. This system has been growing both in terms of the number of routes operated and in terms of the ridership experienced on these routes. The introduction of new passenger equipment will play a vital role in improving the relative economics of this rail passenger system through improvements in ridership/revenue as previously discussed and through elimination of the cost intensive operation of existing conventional equipment. The introduction and operation of new passenger equipment is a critical factor which has influenced past improvements in the system's operation and which will continue to play a key role in realizing future improvements.

## QUESTION: (#5)

I note in this year's annual report that your message states that the new cars are a great asset. You extol the benefits of these cars and then state, "All this looks better on the bottom line." You then go on to state: "This year was notable because of that factor. Although these new cars came in as inventory replacements for old cars and did not increase total fleet numbers, they did produce the beginning of an upward trend in earnings. We saw substantial ridership increase in 1976. We handled more than one and one-quarter million additional riders in calendar 1976 over 1975, and revenues were up slightly over 13 percent, an increase of \$34 million. In other words, new equipment and small, but highly successful, frequency improvements have brought about financial improvements forecasting better things ahead." I then turn to the statement for operating losses and find that in 1976, the losses were \$441.3 million, as compared to \$352.5 million in 1975, an increase of almost \$89 million or 25 percent. Can you explain why, with all these improvements in equipment and ridership, that losses increased considerably?

## AMTRAK'S RESPONSE:

For the year ending September 30, 1976, Amtrak's costs increased approximately \$27 million with the assumption of ownership and operating costs for the Northeast Corridor.

The remainder of the increase, \$62 million, is attributed to wage and price increases that could not be offset by fare increases. As stated in Amtrak's Five Year Plans, this is the major economic problem facing the Corporation. When the cost base is more than double the revenue base, the same percentage increase in costs and fares produces less than one-half the amount of fare increases necessary to cover cost increases.

## QUESTION: (#6)

Your annual report states that in 1976 there was an increase of 4.6 percent in passengers, and 5.1 percent in passenger miles compared to 1975. First, could you indicate how this increase compares with your projected increase in your five year plan, and secondly, could you indicate what ridership increase would be necessary for Amtrak to break even? I recall that you told me last year, that even with full occupancy on all trains, you would still lose money. Is this still true, considering the new equipment?

## AMTRAK'S RESPONSE:

See attachment

## Question 6

FORECAST VS. ACTUAL 1975 FIVE-YEAR PLAN  
(MILLIONS)

	<u>1975</u>	<u>1976</u>	<u>% CHANGE</u>
Passengers:			
Actual	17.4	18.1	4.0%
Forecast	17.3	19.6	13.3%
Passenger Miles:			
Actual	3.9	4.1	5.1%
Forecast	3.8	4.6	21.1%
Actual - New FY basis			
Forecast - Old FY basis, (1975 is actual old FY basis)			

BREAKEVEN PASSENGERS  
(MILLIONS)

FY 1978 Total Expenses (Five-Year Plan Table 36)	\$943.4
FY 1978 Passengers	19.6
Revenue/Passenger	\$18.01
Breakeven Passengers	52.4
or	
Increase from 1977	173%

## QUESTION: (#7)

With further regard to the operating loss for 1976, in which you state the bottom line is an improvement over previous years, I note that the revenues amounted to 62.9 percent of the loss, whereas in 1975 the revenues amounted to 71.7 percent of the expenses. What accounts for this change?

Also, I note in the operating statement for the nine months ending June 30, 1977, the operating loss is reported at \$396.5 million which is a considerable increase over the preceding year. This would annualize to over \$495 million. Is there no relief in sight?

## AMTRAK'S RESPONSE:

Prior to FY 78 Amtrak fare policy was to increase fares at a rate less than the CPI increase so as to ease the burden on passengers. This policy, in effect, increased each year the requirement for subsidy.

Effective with FY 78, Amtrak fare policy is to raise fares equivalent to the percentage increase in the CPI.

Nevertheless, this will not fully offset increases in costs, since Amtrak's cost base is more than double the revenue base.

As discussed above, the operating loss has in the past increased because of the impact of wage and price increases that could not be offset by fare increases. The current Amtrak Five Year Plan indicates that this trend will continue. However, Amtrak policy is to hold the operating subsidy to the FY 1978 request (\$545 million) on a constant dollar basis. Because of inflation, the current dollar subsidy level will continue to increase if the current Amtrak route system is to be operated.



## QUESTION: (#8)

Amtrak's 1976 Annual Report forecasts 31 million people would ride the Northeast Corridor trains by 1980. Isn't it true that that estimate is the most optimistic of 19 forecasts made by a consultant, and that figure assumes Corridor trains would operate at speeds up to 150 miles per hour?

## AMTRAK'S RESPONSE:

Amtrak's 1976 Annual Report extracted data from a U. S. Department of Transportation sponsored report from Peat, Marwick and Mitchell, June 1976 which forecasts 31 million rail passengers in the NEC by 1990.

The inquiry misquoted the date as 1980, see copy enclosed.

In the Amtrak Annual Report it was stated, "I believe this to be a modest and conservative estimate judging from what I have learned during my recent travels to Europe and Japan."

The PMM Report, cited above, forecast 17 million by 1980 and 56 million by 2011.

## PRESIDENT'S REPORT

I am pleased to report that 1976, the year of this country's Bicentennial, was a year of historic proportions for Amtrak, the National Railroad Passenger Corporation.

In 1976 Amtrak became a full-fledged member of the railroad community when, on April 1, it took over direct control of trains and track forces, dispatching, signaling and maintenance of the high-speed Northeast Corridor from Washington, D.C. to Boston, Massachusetts. This acquisition from Conrail, in accordance with the provisions of public law, was the result of long planning and coordinated preparation. Not only did this conveyance double the size of our organization but it added many responsibilities not previously the concern of Amtrak, including the management and direction of train operations—passenger, commuter and freight—in the most complex railroad region in North America.

Continuing the good progress which I was able to report to you in 1975, after my first ten months with Amtrak, I have witnessed a growing satisfaction on the part of the public with Amtrak.

At the same time, from some areas, 1976 was a year of contention. Many people, some of them in high office, have evidenced impatience and concern over Amtrak. They seem not to realize that an organization with a Congressional mandate to provide rail passenger service on a nationwide basis must begin with a very large infrastructure. Amtrak is this country's first nationwide railroad and it is a developing system. To produce sufficient revenue to cover costs, Amtrak must develop its earning capacity and earning capacity is the product of its passenger cars, trains and their effective utilization. We are doing something about this, but that takes time and money.

During 1976, we have demonstrated what can be done. For example, new Amfleet trains replaced older conventional equipment and with state participation one new train was added on the San Diego-Los Angeles route. Ridership and passenger acceptance rose significantly. In December 1976, we carried 40,972 passengers on that route compared to 22,904 in December 1975, for an increase of 79 per cent. It must be noted that this increase was achieved with new cars and frequency adjustment alone.

Similar increases have been achieved in the same manner in the Pacific Northwest and in Michigan. In all of these places we have been able to demonstrate positively that the business is there. The American public likes to ride trains. In fact, the American public appears to be more ready for trains than most people have thought. They want good trains and we will give them what they want.

Almost 400, out of a total order of 492, of the new Amfleet cars are in service as of the end of calendar 1976. We have an additional 284 Amtrak-designed and Pullman-built bi-level cars on order for delivery beginning in the summer of 1977 for western service. These new cars will make up the finest trains ever seen in this country.

These new cars are a great asset. They are more reliable and comfortable and they make it possible for our on-board employees to provide better service. We like these new cars because they have more seating capacity and that means more earning capacity. All of this looks better on the bottom line.



Paul H. Reistrup

This year was notable because of that factor. Although these new cars came in as inventory replacements for old cars and did not increase total fleet numbers, they did produce the beginning of an upward trend in earnings. We saw a substantial ridership increase in 1976. We handled more than one and one quarter million additional riders in calendar 1976 over 1975 and revenues were up slightly over 13 per cent, an increase of \$34 million. In other words, new equipment and small, but highly successful, frequency improvements have brought about financial improvements forecasting better things ahead. Speed improvement must await track improvements. All of this will do more to moderate the fears of our critics than anything else. We all want to see Amtrak close the gap between costs and revenues and reduce the call upon federal funds.

This is the meaning of the enthusiasm for the Northeast Corridor project. It will produce dollars. A June 1976 report from Peat, Marwick & Mitchell forecast 31 million rail passengers in the NEC by 1990, about a threefold increase with estimated gross revenues of \$300 million. I believe this to be a modest and conservative estimate judging from what I have learned during my recent travels to Europe and Japan. We know there are many eligible corridors in this country where the same potential exists.

In terms of the long history of railroads in America, Amtrak is very young, but now Amtrak is much more certain of where it is going and what must be done to get there. Congress and the Administration sensed correctly the mood of the people when they created Amtrak. What has happened in those intervening years is summed up in this report. It makes an interesting and, may I add, an encouraging commentary on the benefits of public and private cooperative enterprise.

Nowhere is this better demonstrated than in the membership of the Amtrak Board of Directors. Without their hard work, understanding and guidance, this task would be impossible. And sometimes when all of us thought we had encountered something really difficult, we found strength in the support of the Congress and the American public. We are all dedicated to the promise of making the Amtrak concept a success.

*Paul H. Reistrup*

## QUESTION: (#9)

I have been informed that in the past two years, there have been a number of reorganizations within Amtrak. Could you explain how many reorganizations there have been and what you believe they have accomplished?

I have been informed that as a result of some of these reorganizations there are a number of officers who have been relieved of their duties but not of their salaries. Could you indicate whether or not this accusation is true, and if it is true, the extent to which it is true?

In March of 1976, you informed the Comptroller General, "We have also recently appointed a Vice President of Executive Planning, thereby raising the level of direct and specialized attention to the planning process." I note from the organization chart furnished to the Subcommittee that this Vice President has now been replaced. Could you inform the Subcommittee which Executive Vice President for planning was on board at the time the decisions were made for the reductions in service recently announced, and what, if any, input this Vice President had with regard to these service reductions?

## AMTRAK'S RESPONSE:

During the past two years, there have been two areas of substantive reorganization, with fine tuning of the organizational structure in a few others. The two major areas of reorganization were:

1. The decision I made in June of 1975 to delegate substantive authority to Regional Vice Presidents and their District Superintendents. Instead of having major field functions such as station management, on-board service or maintenance base management report to individual functional heads in Washington, D. C., I placed them under a Regional Vice President structure, with the Regional Vice President having the authority to coordinate all such field operations. While the four regions have since been reduced to three on economic grounds, the three Regional Vice Presidents are the same ones as originally assigned to the new structure in 1975.

It is my judgment that as these regional management forces mature, rail operations will improve because the decision making authority to solve here-and-now problems will be where it should be, at the scene of the action.

2. The second major organizational change during the past two years was the formation of our Northeast Corridor Operations Department. The formation of this structure was

the direct outgrowth of Congress' creation of ConRail, and the sale of the Northeast Corridor to Amtrak. A Vice President and General Manager was appointed, who had not only the train operations responsibility, but also responsibility for Amtrak's role in the Northeast Corridor Improvement Project.

With less than 90 days notice, I believe the organizational structure established for this purpose did a remarkable job of taking over and operating some of the most heavily traveled rail lines in the world.

The reorganizations of the past two years have adversely affected only four officers. The salary of one was reduced \$10,000 per year, and he has since retired from Amtrak. Two others retired within a year of losing officer rank. The fourth has submitted his resignation.

The Vice President of Executive Planning to whom you refer, Calvin Andringa, left Amtrak in March 1977. The reason that he left relates to your question number 15. The Vice President was young and quite competent with a strong background in finance and legal affairs. He was offered a job in the Washington area with a salary and benefit package that Amtrak could not remotely match. His role is now filled by the Assistant to the President.

Passenger service decisions including scheduling and route frequency adjustments are developed under the aegis of the Passenger Service Committee with members from Marketing, Operations, and Government Affairs as well as participants from Finance, Legal, Operations Support and Public Affairs. The Chairman of this important committee reports directly to Mr. Reistrup. He holds the title, Assistant Vice President, Passenger Service. The exploration of the most constructive options available for frequency adjustments were prepared by the Passenger Service Committee.

Paralleling this work is the continuing study going on in applying route criteria in support of the Amtrak Board. The research and analysis is under the aegis of the Assistant Vice President for Corporate Planning and is headed by a Director for Route Evaluation. Support to the Route Criteria applications are provided by all elements of Amtrak including the Passenger Service Committee.

## QUESTION: (#10)

I have been informed that the morale among the officers and employees in the headquarters is extremely low at the moment. It was explained that this low morale was caused by the fact that in the past two years, a number of officers and employees have been dismissed without sufficient notice, nor knowledge of the cause of their dismissal. This has resulted in poor morale for the remaining officers and employees, because they fear that they may receive the same treatment. Could you explain to the Subcommittee what Amtrak's policy is with regard to laying off officers and employees, and also could you indicate how extensive the officer turnover has been in the past two years?

## AMTRAK'S RESPONSE:

Morale of a work force is inevitably better when a business is expanding and the opportunities for advancement and job security seem clear to all. When budgetary constraints cause substantive manpower reductions, high morale is not easy to sustain.

Our Board of Directors, in June of 1976, directed Amtrak to reduce its management by 5% during the fiscal year ending September 30, 1977. This was accomplished and the targeted management group was reduced by 187 employees.

Some of those selected for reduction were poor performers who should have been weeded out in the natural process of upgrading the quality of the management force. We would have liked to have retained some of those reduced because they were good performers, but could not due to budgetary constraints.

My directive for fiscal 1978 is that our entire work force is to be reduced at the rate of 1% per month for the purpose of effecting a 6% average reduction in labor costs over the next twelve months. If our department heads reduce quickly (in the early part of the fiscal year) approximately 135 management positions will be abolished. If they reduce slowly, the number of positions that will have to be abolished to achieve a 6% reduction in management wage costs could exceed 300.

The following are Amtrak's turnover rates of its management force:

	<u>Annualized Rate</u>
1977(first 6 mos.)	10%
1976	11%
1975	13%

I do not believe these turnover rates are excessive in light of the youngness of our company and the rapid expansion that took place over the past few years.

## QUESTION: (#11)

It has been alleged that the dining car losses for Amtrak last year were about half of the amount requested in the supplemental appropriation. Can you indicate the specific losses incurred last year for dining car service?

As these losses are so extensive, what efforts have you made to reduce these losses? It would seem to me that since you are attempting to convert to micro-oven meals similar to those provided by the airlines, that considering labor and other costs, it may be just as economical to provide free meals similar to the airlines.

## AMTRAK'S RESPONSE:

FY 77 Dining and Buffet results were:

(\$millions)

Revenue	21.5
Total Cost	<u>64.5</u>
Net Loss	<u>43.0</u>

The bulk of the costs are labor. Labor costs will be reduced as the Corporation moves more to the pre-prepared foods and reduced conventional diner service.

A program for introducing more convenience food items that have minimal waste (reusable or recoverable at the end of the trip) is well underway. For example, Amtrak is adopting a system using popular entrees packed frozen in minimum-sized pans (portion control).

The conversion to modern microwave and convection ovens will allow Amtrak to effectively use such convenience foods with the advantage of reducing on-board labor requirements since much preparation and cooking work has already been done by the manufacturer.

If Amtrak were to provide free meals, as do the airlines, we would still need to prepare and serve on-board. More labor would be required due to more people eating full meals.

The elimination of all food preparation on dining cars would require significant capital expenditure for permanent facilities at established catering points, and on-board personnel would still be required to serve the meals.

We have examined the feasibility of the airline approach, but we feel we can continue to serve the desires of our passengers more economically by preparing meals to order on the dining cars.

On routes served by Amfleet equipment, the costs of dining service have been reduced due to the emphasis on customer self-service from a snack bar.

## QUESTION: (#12)

Would it not be in order to eliminate complete trains, rather than attempt to reduce the service on a large number of trains? In this way you would eliminate a number of fixed costs that cannot be reduced with reduced service. Also, it seems to me that this would affect fewer passengers and would not appear to be as politically motivated as the present service reductions.

## AMTRAK'S RESPONSE:

Without question, greater cost savings can result from a route discontinuance than from frequency reductions. However, route discontinuance is a time consuming process requiring rigorous adherence to formal procedures. The Criteria were developed as a tool for rational development of a national system and not as a quick-reaction budget cutting tool.

Given the magnitude of the required reduction, Amtrak has no option but to avail itself of frequency reduction to supplement route restructuring and/or discontinuance.



## QUESTION: (#13)

It has been alleged that in 1976, the average charge to an Amtrak passenger was 5.8¢ per mile, whereas the total cost to Amtrak was about 15.3¢ per mile. Considering this difference, would it not be feasible for Amtrak to attempt to reduce some of its losses by increasing fares?

You contend that the greater portion of your losses have been due to inflation. Have you had fare increases commensurate with inflation?

## AMTRAK'S RESPONSE:

Whether Amtrak could achieve a significant improvement in its deficit through higher fare increases depends entirely on the sensitivity of the market to higher prices. Presently experience and research indicate that Amtrak's market is relatively sensitive to changes in prices. Discounted fares that are used for promotional purposes in the majority of cases, have provided revenue increases due to substantial increases in passengers.

Taking our estimate of fare sensitivity into consideration Amtrak's practice, during FY 1977, and planning assumption is to increase fares at a pace consistent with increases in prices of competing modes, particularly the auto. To increase fares at a rate higher than our competition could be counter-productive as that action could reduce ridership faster than revenue.

This fare policy combined with passenger growth results in a 10%-14% revenue growth. One key problem is that inflation in materials commonly used in the railroad industry has recently been higher than transportation consumer price inflation.

Amtrak has not had fare increases commensurate with inflation because the cost base of the company is more than double the revenue base.

The current corporate policy is to increase fares equivalent to the percentage increase in the Cost Price Index. This represents a change from the previous policy to recover about 75% of the CPI increase.

## QUESTION: (#14)

Last month, there was considerable publicity with regard to Amtrak's decision to eliminate Redcap service in the Northeast Corridor. I understand that subsequent to the Interstate Commerce Commission obtaining a restraining order in the court, Amtrak withdrew its plan to eliminate this service. Recently, however, I received a petition from Redcaps in Miami which stated that the service has been abolished in Miami, Hollywood and Fort Lauderdale, Florida. Would you tell me whether or not this service has been reinstated? What are your plans for the future with regard to the Redcap service nationwide?

## AMTRAK'S RESPONSE:

The Redcap service, as a service, has not been abolished at Miami, Hollywood or Fort Lauderdale, Florida. Although Redcap positions have been eliminated at these locations, the service is now being performed by Redcap-Baggage and/or Ticketing personnel as part of their regularly assigned duties.

On a national scale there have been force reductions in many station areas as an economy measure. The Florida Redcaps were a part of this action. However, in each instance where Redcap positions were affected, other station personnel have been assigned and are now responsible for the performance of these duties in addition to their own.

## QUESTION: (#15)

I note that a pending bill in the Senate provides for increasing the salary of the operations officer from \$60,000 to \$85,000. Would you indicate what you believe to be the justification for this increase? Do you believe it would be also in order to pay the director of the Northeast Corridor project \$85,000?

I can appreciate your desire to compare your salaries with those paid by other railroads. Nevertheless, do you not believe it would be better if you were to compare your salaries with bankrupt railroads? Also, would it not be more prudent to reduce salaries similarly as usually done at companies incurring losses?

## AMTRAK'S RESPONSE:

The justification for establishing a salary not in excess of \$85,000 for a Chief Operating Officer of the Corporation is found in the fact that the current statutory limitation of \$66,000 effectively precludes the recruitment of the best talent and experience that is available.

Amtrak is a 26,000 mile long railroad. Except for the Northeast Corridor and minor track segments in the midwest, Amtrak must operate over the tracks of the nation's other railroads. As a result, Amtrak's operating problems are far more complex than those of other railroads that own their own track.

Apart from the unusual operating problems and relationships that derive from the dependency on other railroads, Amtrak operations are complicated by the need to re-equip virtually the entirety of its fleet and to cope with problems of inadequate track on railroads where track has deteriorated.

The Chief Operating Officer's responsibilities are fundamental to Amtrak's potential for achieving the goals identified by Congress in creating the company.

Based on data filed with the Interstate Commerce Commission, the trade press reported recently that the range of salary for railroad operations officers ranges up to \$229,000 per annum (Modern Railroads/Rail Transit, August 1977). The July 1977 issue of Modern Railroads, at p. 21-2, identifies railroad vice presidents for operations at the following compensation levels over \$100,000: \$229,000, \$150,000 (2), \$136,000, \$134,000, \$125,000, \$119,000 and \$102,000. The compensation levels noted are those identified as operations posts; it is possible that there are other officials paid more than \$100,000 who are designated by different titles but whose duties include responsibility for operations.

It is relevant that ConRail, which was also created by an act of Congress, and which in its 18 months of existence has received Federal financial assistance in a magnitude comparable to what Amtrak has received during the past six years, is not subject to a salary limitation applicable to Amtrak, notwithstanding that it is solely a freight railroad operating in the mid central and northeastern states. ConRail has nine positions that are compensated in excess of the \$66,000 a year limitation applicable to Amtrak in contrast to the one position above that level in Amtrak, which is held by its President.

The present statutory limitation severely handicaps Amtrak in its ability to compete in the marketplace for the best executive personnel. Amtrak clearly does not have the freedom to attract executive talent that is available to ConRail as the other government sponsored railroad, let alone the talent that is available to the nation's other railroads.

In response to the second question, we believe it would also be in order to permit a higher level of compensation for the Vice President-General Manager of the Northeast Corridor. Indeed, we believe that Amtrak should have the same basis of compensating its executives that is available to ConRail. The public investment in Amtrak, and the scope of its operations, are such that only the fullest freedom to compete and to attract executive talent can maximize realization of the goals set by Congress.

While the two additional higher salary limitations noted in question 15 will assist, Congress could just as readily recognize that parity in compensation between ConRail and Amtrak is a logical and justifiable step, particularly at this juncture of Amtrak's development, when modernization of its equipment and rehabilitation of railroad track is increasing. A companion improvement in Amtrak's ability to vitalize its executive management and direction is in order. Such a change would in fact be highly cost beneficial. Approximately \$6.4 billion of Federal investment since 1971 has gone into or been provided for new equipment for Amtrak, improvements for Northeast Corridor track, improvement of ConRail track, and improvement of track on other railroads until Title V of the 4R Act. If Amtrak were able to pay its executives on the same basis as ConRail, the maximum additional annual cost would be \$382,000, an infinitesimal proportion of the \$6.4 billion investment--and obviously cost beneficial as a means of maximizing that investment.

These factors indicate that it would be better to compare Amtrak salaries with those at ConRail, if not with successful railroads, rather than with bankrupt railroads. The massive federal investment in the effort to revive passenger railroad service and the highly cost beneficial aspects that are involved in maximizing Amtrak's ability to achieve the goals set by Congress indicate that it would be more prudent to maximize Amtrak's ability to compete for the best possible executive talent available. We believe that Congress has permitted an effective pattern of compensation in setting up ConRail as a heavily government financed successor to bankrupt railroads. Amtrak is in a comparable position on the passenger side and should be equally equipped to carry out the goals and objectives that Congress had in mind.

## QUESTION: (#16)

You stated previously that when Amtrak obtained its own facilities, a number of improvements would be experienced. Amtrak purchased the Beech Grove Maintenance Facility approximately two years ago. Would you please indicate what the rate of production is for the Beech Grove facility now, as compared to when the Penn Central Railroad operated this facility? Also, what is your out-of-service rate for cars now, as compared to when Beech Grove was operated by the Penn Central? Please indicate for the record the out-of-service rate for the past twelve months for (1) Metroliner cars, (2) Turboliner cars, (3) Amfleet cars, (4) Traditional cars (purchased at inception), (5) engines purchased since 1972, and (6) engines purchased before 1972.

## AMTRAK'S RESPONSE:

Amtrak acquired Beech Grove from Penn Central in April 1975. The following table shows annual production of cars at the Beech Grove Car Shops and out-of-service rates for conventional cars.

<u>Ownership</u>	<u>Penn Central</u>	<u>Amtrak First Year</u>	<u>Amtrak Second Year</u>
Annual Production	223	280	250
Out-of-Service %	17.7	15.6	20.8

The lower production figure for the second year of ownership at Beech Grove is the result of the following:

- 1) Reduced requirement of overhauled cars because of acquisition of 492 Amfleet cars with resultant retirement of 300 conventional cars.
- 2) Our Facilities Modernization and Upgrade Program had an effect on production rates.
- 3) Reduced level of Car Overhaul Program Budget due to limited funding reduced schedule requirement for overhauled cars.

Out-of-service rate for conventional cars reduced after one year of Amtrak ownership of Beech Grove and also takeover of 70% of the running maintenance facilities from the operating railroads. The increased out-of-service figures for the second year were due to:

- a) Worst winter in 200 years with resultant freeze damage and the inability to properly maintain the cars at the open facilities in the northeast and midwest under severe winter conditions.

- b) Large number of derailments and crossing accidents during winter of 1976-77.

Attached tables indicate for the record, the out-of-service rates of Turboliners, pre and post 1972 Electrics, pre and post 1972 Diesels, Conventional Cars, Amfleet Cars and Metroliners.

EQUIPMENT  
OUT OF SERVICE, PERCENTAGE

<u>Year</u>	<u>FY '77 Month</u>	<u>Turbo</u>	FY '77			
			<u>Post '72 Electric Loco.</u>	<u>Pre '72 Electric Loco.</u>	<u>Post '72 Diesel Loco.</u>	<u>Pre '72 Diesel Loco.</u>
1976	October	13	19	15	11	20
	November	10	19	20	13	22
	December	18	24	32	13	35
1977	January	14	25	29	18	46
	February	14	23	29	17	43
	March	11	24	20	17	32
	April	11	22	25	15	26
	May	8	27	19	11	23
	June	10	16	21	11	24
	July	11	19	26	12	24
	August	10	15	23	10	27
	September	8	13	18	11	24
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Average Annual %		11	20	23	13	29



NATIONAL OPERATIONS

Out-Of-Service Rate - October 1976 thru September 1977

(Passenger Cars - Running Repairs)

<u>Conventional (1)</u>				<u>Amfleet (1)</u>			
<u>Month</u>	<u>Total Ownership</u>	<u>Cars Out-Of-Service</u>	<u>% Out-Of-Service</u>	<u>Month</u>	<u>Total Ownership</u>	<u>Cars Out-Of-Service</u>	<u>% Out-Of-Service</u>
Oct '76	1607	288	18	Oct '76	339	27	8
Nov '76	1584	249	16	Nov '76	359	30	8
Dec '76	1575	256	16	Dec '76	379	26	7
Jan '77	1544	390	25	Jan '77	396	39	10
Feb '77	1533	416	27	Feb '77	409	62	15
Mar '77	1497	326	22	Mar '77	431	61	14
Apr '77	1479	322	22	Apr '77	455	54	12
May '77	1476	314	21	May '77	474	57	12
June '77	1457	289	20	June '77	487	44	9
July '77	1385	324	23	July '77	487	55	11-
Aug '77	1362	267	20	Aug '77	487	54	11
Sept '77	1316	260	20	Sept '77	490	50	10

<u>Metroliners</u>			
<u>Month</u>	<u>Total Ownership</u>	<u>Cars Out-Of-Service</u>	<u>% Out-Of-Service</u>
Oct '76	61	16	26
Nov '76	61	16	26
Dec '76	61	17	28
Jan '77	61	24	39
Feb '77	61	16	27
Mar '77	61	15	25
Apr '77	61	15	25
May '77	61	15	25
June '77	61	16	26
July '77	61	18	29
Aug '77	61	18	29
Sept '77	61	20	32

Note (1): Comparison of Bad Order percentages for Conventional and Amfleet cars on a month-to-month basis is not particularly valid since, as indicated, the fleet size is changing each month and this represents the basis for calculating the percentage.

## QUESTION: (#17)

In June of this year, the General Accounting Office issued a report entitled "Amtrak's Incentive Contracts with Railroads -- Considerable Cost, Few Benefits". In commenting on this report, you stated that GAO was referring to first amendment contracts, whereas many of the deficiencies noted in their report were corrected in the second amendment contracts. Could you explain the necessity for an incentive contract? It seems to me that these contracts pay premiums to railroads to perform services which they are already legally bound to perform.

An example of the futility of the incentive contracts was the fact that Amtrak experienced considerable difficulty with its SDP-40 engines, and as a consequence, was required to impose severe speed reductions. As a result of these speed reductions, Amtrak then adjusted its incentive contracts so that the railroads were paid the premiums for operating at the slower speeds. I also understand that Amtrak is presently retrofitting these engines so as to alleviate the problems. It seems that Amtrak at some point must accept the responsibility for this financial loss. That is, Amtrak paid for the engines, had considerable difficulty, had to pay considerable sums for the damage inflicted, had to pay incentive contracts for poor performance, had to suffer loss of traffic because of poor performance and had to pay to have the engines retrofitted. With Amtrak paying for every cost, I cannot understand why it can be contended that Amtrak is not completely responsible.

## AMTRAK'S RESPONSE:

Amtrak's operating railroads are sole-source suppliers. For this reason, the normal commercial circumstance that they may lose our business if they provide unsatisfactory service does not apply as an incentive to insure good performance by them in the operation of Amtrak trains. Amtrak has chosen to enter into incentive contracts because neither we nor the government agencies most concerned with our operations have been able to develop a better means to induce or compel the operating railroads to provide improved service. Even though we believe we are legally entitled to good performance, the value of such a legal right is limited by the problems in attempting to obtain judicial enforcement with respect to each of the many railroads providing service to us. We do not believe injunctive relief is a meaningful remedy, and it would be extremely difficult to prove and recover substantial monetary damages on a case-by-case basis as a result of individual failures to operate trains on time.

It should be noted that the Amtrak Act provides that incentives are the only form of compensation in excess of incremental costs for services that a railroad may be awarded by the ICC. This statutory provision reflects the approach employed in our incentive contracts, i.e., if a railroad is to be paid more than its incremental costs in connection with the operation of Amtrak trains, it is preferable to make the railroad earn such additional compensation by conditioning it on the provision of good performance. The most logical alternative to awarding additional payments for high on-time performance would be to specify a certain level of compensation and subtract penalties from that amount when a railroad delivers poor service. However, no railroad would voluntarily accept such an arrangement, and the Commission does not appear to have authority to impose such an arrangement.

Finally, it is worth noting that in criticizing the First Amendment Agreements, the General Accounting Office report completely avoided commenting on the Texas and Pacific Case where, for poor or mediocre performance, the Commission awarded the operating railroad reimbursement and incentives far greater than those provided in any of Amtrak's amended agreements.

Much that this question and Amtrak's answer covers is history. The Second Amendment contracts are no comparison to the first and are a tremendous improvement.

Based upon the existing facts involving several derailments by SDP40F locomotives under certain operating conditions, Amtrak made a policy decision last winter to operate these locomotives with certain speed restrictions for reasons of safety, pending either the outcome of full testing [showing there is not an unreasonable safety risk] or physical modification of the locomotives to eliminate any [such] risk to safety. The slower operating speeds imposed on the locomotives required longer scheduled running times. Even though trip times were lengthened, Amtrak feels it is still important to provide reliable on-time performance to our passengers until the faster schedules can be restored. Our operating railroads must still exert the same level of effort and attention to the operation of our trains in order to adhere to the revised schedules with a high degree of reliability. We therefore agreed to maintain the contractually agreed upon incentive potential which was available to those railroads with whom we have incentive contracts.

Since the speed restrictions were imposed last winter, Amtrak has been engaged jointly with the Federal Railroad Administration, National Transportation Safety Board, Association of American Railroads, and General Motors (the locomotive's manufacturer) in testing the operating characteristics of the locomotive. While the testing to date has not demonstrated the

existence of a defect in the locomotive, such testing has been somewhat inconclusive. We have recently commenced the final and most exhaustive phase of the locomotive testing. If such testing still does not indicate the existence of a design problem, Amtrak will promptly resume faster operations without having any further units modified. In this connection, it should be noted that in agreeing to continue paying incentives to individual Amendment Agreement railroads, Amtrak specifically obtained the right to require all except one of such railroads to promptly restore higher speed operations when Amtrak is satisfied that speed restrictions are no longer necessary. Restoration of faster operations may be somewhat more difficult on those railroads which are not operating under an incentive agreement because we do not have the same type of control in our dealings with them.

Because of the substantial questions with respect to the design characteristics of the locomotives, and because we faced a separate need to remove many of them from regular service for conversion to headend (electric) power and to perform major periodic overhauls (i.e., after five years of operation), Amtrak also decided to proceed with the conversion of some of the locomotives to a lighter weight locomotive. Amtrak believes the course that it has pursued in slowing the locomotives while continuing to pay incentives for adherence to revised schedules, and in undertaking a phased modification of some units in conjunction with other major work on the units, has been reasonable.

With respect to our customers and our operating railroads, Amtrak has accepted full responsibility for the steps taken in response to the safety concerns posed by the operating history of these locomotives. However, with respect to the manufacturer, Amtrak still retains its full warranty rights (and will preserve such rights even on those locomotives which are currently being modified). Thus, if final testing shows that there is a design problem with the locomotive, we anticipate pursuing our claim and obtaining an appropriate recovery from the manufacturer. If no such product liability on the part of the manufacturer can be demonstrated, Amtrak must accept full financial responsibility for the decisions which it has made with respect to the SDP40F, including the initial decision to purchase these locomotives, the decision to restrict their speed of operation pending the outcome of full testing, the decision to continue paying incentives, and the decision to proceed with the modification of some of these locomotives rather than to wait for the final outcome of testing. Such testing may still not satisfactorily answer the questions which have been posed by the operating record of these locomotives. In the interim, we will continue to do everything possible to provide safe and reliable service to our passengers on all our trains.

Mr. REISTRUP. We will respond, Mr. Chairman. Is there time for me just in a few minutes to cover—

Mr. ROONEY. I was going to ask if you had any concluding remarks.

Mr. Madigan, do you have any further questions?

Mr. MADIGAN. No.

Mr. Reistrup, I understand you have other things to do this morning. All of us appreciate your coming down here. I would like to say to you specifically I would like you to talk to Mr. Pike, who is a friend of this subcommittee, but who sometimes seems to obstruct, unintentionally I am sure, the members of the subcommittee and the staff of the subcommittee in getting the kinds of answers that they want to specific questions. We are interested now in having specific answers to specific questions. I personally would be grateful if you would relay that interest to Mr. Pike. Thank you very much.

Mr. REISTRUP. I will take care of that and give them to you direct if that is necessary. Thank you.

Mr. ROONEY. Mr. Reistrup, there are Members of Congress who think your coming here in the final days of the session with this additional \$56 million request is a blackmail of Congress, so to speak. Would you want to direct yourself to that question?

Mr. REISTRUP. It could not be farther from what you have stated. We fully intended to try to live within the appropriations language which was the \$488.5 million and use the route and service criteria if the Board would do it, and short of that, so that I would not have deficiency spending, we began to cut service. That raised such a tremendous ruckus, including within our own Board of Directors, and I have related the close votes that we had on particular trains, that in the special Board meeting considering the 5-year plan, I have put before the Board on the agenda the issue of the request for supplemental appropriations. We had several alternatives. One was to stay with the \$488.5 million; one was to go for what the administration had asked, \$500 million. I suggested asking for what we had asked for in the first place, \$534 million. The Board voted to go for what you authorized because they thought you were more accurate, particularly with the increased inflation than we were. So that is the situation. In effect, my request was carrying out the wishes of the Board of Directors. I have had as a policy, since I have been here, not asking for supplemental appropriations. In spite of the winter weather, I did not come up and ask for one for 1977. We barely squeaked by.

Mr. ROONEY. Congressman Van Deerlin intended to be here, but unfortunately, he has an amendment on the floor. He has asked me to ask you what you are going to do about that additional train between Los Angeles and San Diego that Mr. Ring testified about yesterday.

Mr. REISTRUP. Mr. Chairman, what we have agreed to do, and we have been talking to Mr. Ring—to my right is Mr. Lombardi who has taken over our State train operations—we have these joint agreements in California, Illinois, Michigan, Minnesota, New York, and Pennsylvania. We have had to relieve Mr. Pike of these duties which are more operational in nature than Government affairs. John is on my staff, he is in my office. What they have agreed to do is through Caltrans, which is the State Department of Transportation, to work out an arrangement. If we can come to a contractual arrangement with

Caltrans, we will run that train. It is older equipment, it is steam heated. It can be run, however. But it has to be Caltrans that brings this forward to us because they run in that same corridor two of the five trains with us jointly. So if a sixth train is added, we can't have three operators in service with trains a couple hours apart; we have to have one partner. So, Mr. Ring must work with Caltrans and whatever Caltrans and Amtrak can work out, and if we are compensated for it, we will run it.

Mr. ROONEY. You think you can work out those arrangements?

Mr. REISTRUP. I hope so. It is up to Caltrans. If they will present it to us and compensate us for it, we will run it.

Mr. ROONEY. Thank you very much, Mr. Reistrup.

In closing, I would like to say that it is the intention of the chairman to call upon the President and ask him to fill the vacancies on the Board, and hopefully that will alleviate some of the great problems facing Amtrak.

Mr. REISTRUP. Thank you very much, Mr. Chairman.

Mr. ROONEY. I know you want to summarize, and now I recognize you for your summary.

Mr. REISTRUP. I would rather not summarize because you have been so helpful today. I would like to cover one base that has not been covered.

I was very much concerned about the New York State testimony yesterday because I like to get all the facts out on the table and not just part of them. I really don't know what the problem is because we had such a close relationship with Commissioner Schuler in New York; in fact, I made the final decision to put all of our seven turbo trains, the new ones, the Rohr-built, French-designed trains, up in that corridor. That is all of them, all seven. That happens to be 35 cars. Basically, the service is new. In fact the train that the State subsidized to Montreal is one of the turbo trains. They have huge windows. It is beautiful for the scenery along the Hudson River and up north through Ticonderoga. We agreed to pay ConRail additional track maintenance charges, that is, this summer, so that the track, once it is upgraded with State funds—and they are putting money in the upgrading—will be kept up to keep the higher speed, 79 miles an hour. That trackwork did not begin until this summer, and the reason the trains did not run on time is that there are people working on the track. We can see if Mr. Lombardi can get away from this loggerhead position. He took over in Ohio and wrote the State a letter and said we had done things wrong in the past and we intend to do better. I wish the record would include Mr. Lombardi's letter indicating our intent to have him do the right kind of job.

Mr. ROONEY. Without objection.

Mr. REISTRUP. I think we have done pretty well by New York.

[The letter referred to follows:]

September 9, 1977

Honorable W. C. Hennessy  
Commissioner, New York State  
Department of Transportation  
1220 Washington Avenue  
State Campus  
Albany, New York 12232

Dear Commissioner Hennessy:

Mr. Reistrup has asked that I respond to your letter of August 30, 1977, addressed to Mr. Irwin L. Davis, Executive Vice President, Metropolitan Development Association of Syracuse and Onondaga County, Inc., a copy of which you were kind enough to furnish us. It is unfortunate that we do not also have a copy of the letter from Mr. Davis to you for greater background knowledge.

On July 22, 1977, Mr. Reistrup wrote you and officials of other States, outlining his transfer of State and Local Service responsibilities to the Executive Office under my direction to improve Amtrak's relationships and dealings with the States. Since that time, I have had numerous conversations with members of your staff concerning mutual problems, including a meeting held on August 3 during which we appeared to make great progress toward an understanding of capabilities and constraints impacting our programs and agreed on approaches to solve our problem areas one by one. I subsequently arranged for a joint meeting with New York State Department of Transportation, Conrail, and Amtrak on August 25 to discuss on-time performance and schedule reductions on the Empire Service.

As a result, I believed we had entered an era of a new joint effort to work toward our objectives in an orderly, cooperative manner. Several areas are beginning to clear up, and the free exchange of information makes the tasks easier for both sides.

Believers of this new joint effort and some positive progress, I was disappointed, and even a bit shocked, by the tone of your letter to Mr. Davis. It indicates that the understanding I thought we had developed does not actually exist and certainly shows a lack of trust in our intentions to support your programs to the maximum. It further points up a lack of appreciation of the division of responsibilities for the operation of rail passenger service when Congressional pressure on Amtrak is suggested as a way to solve problems, many of which are clearly the province of Conrail. This disappointment and shock deepened when I saw you had turned to public exposure in the Syracuse newspaper (copy attached) in an effort to increase pressure upon us.

While New York State's contract for the operation of rail passenger service is with Amtrak and not with Conrail, Amtrak furnishes the trains and staffs them with service personnel. The operating crews are provided by Conrail, and actual operation is controlled by Conrail dispatchers. We know that many delays are due to track work, but I also submit that many other delays are due to Conrail operational aberrations, rather than to matters over which Amtrak has control. In recognition of this situation, Mr. Reistrup recently spent over an hour with Edward Jordan of Conrail to discuss this and similar problems and to solicit his personal emphasis in rectifying them.

Would it not be in the best interest of New York State, as well as Amtrak, for your office to join with us in bringing pressure to bear on Conrail, rather than to urge outside agencies and Congressional sources to seek adjustments from Amtrak of conditions which we do not control?

Let's look at the positive side for a moment. What have we done? We have provided seven sets of the most modern trains in America for operation over New York State routes. We have an active program to solve the remaining technical problems so we can begin the use of diesel locomotives into Grand Central Station. We are seeking in every way to insure that service aboard these trains is of the highest calibre.



In summary, there is no lack of desire on the part of Amtrak to provide the quality of service toward which we both aspire. We stand ready to attack and solve problems within our capability. We will accept criticism and even seek constructive criticism concerning such problems. We do insist, however, that the joint effort between New York State and Amtrak be a consistent one, and we cannot tolerate actions counterproductive to true cooperation. We ask that you recognize our constraints and work with us to overcome them, rather than to rally outside efforts against us. Our objectives are the same. Let's pool our manpower and brainpower and, one by one, the problem areas can be solved. A team pulling in divergent directions gets nowhere. A team working in concert can accomplish a great deal.

I hope we can continue to support each other's programs as originally intended.

Sincerely,

John V. Lombardi  
Director  
State and Local Services

JVI/ATL/sh  
Attachment

cc: Irwin L. Davis

Paul H. Reistrup

SYRACUSE, NEW YORK  
POST-STANDARD E. 1-77

## State Raps Amtrak For Poor Service

To the Editor:

A copy of a letter to Paul Reistrup, President National Railroad Passenger Corp., Washington D.C.

The public has become aware of the coming of a new era in rail passenger service in New York State. Track is being rehabilitated, new turboliner equipment has replaced most of the unreliable conventional equipment, a new maintenance facility is being constructed, and nationwide reservation services are in place. However, the people can only measure the effectiveness of Amtrak and New York State's rail program in terms to which they can relate — the quality of service, on-time performance, the level of comfort, employee attitudes; the list goes on and on. Unfortunately, the public's opinion of both Amtrak and our rail passenger program has not improved because those service characteristics with which the public identifies are marginal and very poor at best. An editorial appearing in the Syracuse Post-Standard on July 20 summarizes a typical instance which seems to be occurring with increasing regularity.

The April and May on-time performance figures for Empire Service are 27 per cent and 22 per cent respectively. Not only am I convinced that the causes are not solely related to track work and the single track issue, but also with a positive approach the on-time performance can be increased to an acceptable level and significant schedule reductions are possible this fall. The track west of Albany and south of Poughkeepsie, you must admit, has never been in better condition. State-sponsored work now in progress will eliminate substantial stretches of poor track.

Moreover, I am most concerned that no visible effort is being made to improve the image of poor reliability which the public has of Amtrak. As a good faith measure to the public last June, I wrote and requested that at a minimum the 7 per cent surcharge on Empire Service fares be reduced or eliminated due to the on-time performance of only 11 per cent for the month of January through March, 1977. Later it was suggested as a token effort that Amtrak refund at least one dollar for late trains. I received no response and the recommendation was subsequently addressed at a meeting at which time your staff agreed to take it under advisement. The department continues to await an affirmative response.

I am concerned that you will probably not provide the additional Albany or Syracuse to Buffalo train which was committed last winter. Furthermore, it would appear that despite our urgings Amfleet will not be introduced to the Empire Corridor this fall. The introduction of Amfleet as promised would have made possible the earlier schedule to Montreal.

Our staffs met on June 14, 1977, in an attempt to resolve these issues as well as others and plot a future course of action. Since that time the list of issues has grown larger and another meeting is scheduled for this Wednesday, Aug. 3, 1977. I certainly hope that some results are forthcoming.

The state has lived up to its commitments and embarked on one of the most aggressive track programs in the nation. I urge Amtrak to join us in improving services by addressing these problems head on.

W. C. HENNESSY  
Commissioner  
New York State

Department of Transportation

Albany  
Aug. 2, 1977

*Lombardi*

NEW YORK STATE  
DEPARTMENT OF TRANSPORTATION  
William C. Hennessy, Commissioner

1220 Washington Avenue, State Campus, Albany, New York 12232

**AUG 30 1977**

**RECEIVED**

**SEP 06 1977**

*Office of the President*

Mr. Irwin L. Davis  
Executive Vice President  
Metropolitan Development Association  
of Syracuse & Onondaga County, Inc.  
1900 State Tower Building  
Syracuse, NY 13202

Dear Mr. Davis:

This is in response to your August 11, 1977 letter regarding rail passenger service in Central New York.

The Metropolitan Development Association's concern has certainly been noted. You can be assured that I will want to call on the MDA to support any studies, positions, or meetings that New York State will be conducting in its efforts to improve what has turned out to be a dismal rail service performance record by Amtrak. Support by groups such as yours will be needed if we are to turn this situation around.

Right now the most important task facing the Syracuse area is obtaining corrective action from Amtrak. You should express your concern to them and to your Congressmen promptly and directly. Right now our effort is focused on obtaining from Amtrak the schedule reductions our past programs warrant, achieving reliability, and halting fare increases until service standards are met. We will keep you apprised of any progress we make and please let us have your suggestions.

Thank you for your commitment to work with us.

Sincerely,

ORIGINAL SIGNED BY  
WM. C. HENNESSY

W. C. HENNESSY  
Commissioner

bcc: P. Reistrup, Amtrak

**RECEIVED**

**SEP 06 1977**

U.S. PRESIDENT

Mr. ROONEY. Have you had an opportunity to discuss this matter with Mr. Hennessey after he left the committee yesterday?

Mr. REISTRUP. No; I did not. I did talk to Mr. Ring, however, after the meeting.

Mr. STAGGERS. Mr. Chairman, would it be possible to hold the record open so that I might submit some questions and have them answered for the record.

Mr. ROONEY. Without objection.

[Testimony resumes on p. 260.]

[The following material was received for the record:]

Amtrak is a U.S. Government-owned corporation. Its headquarters are located at 1000 14th Street, N.W., Washington, D.C. 20005. Telephone: (202) 393-3300.

February 9, 1978



Honorable Harley O. Staggers  
Chairman  
Committee on Interstate and  
Foreign Commerce  
House of Representatives  
Washington, D. C. 20515

Dear Mr. Chairman:

This is our response to your letter of January 11, which contained seventeen questions regarding various aspects of Amtrak's operations and plans.

The questions and respective answers follow the question-and-answer format used in committee hearings. The requested information is attached.

If we may be of any further assistance, please feel free to contact me or my staff at any time.

Sincerely,

Paul H. Reistrup  
President

Attachment

Question #1:

How are costs allocated to individual trains?

Answer:

Amtrak's Route Profitability System allocates costs at each operating location to individual trains. This computerized system is integral to Amtrak's corporate cost-management system, i.e., all costs allocated to trains are the actual costs reported in monthly corporate profit and loss statements. Specific allocation techniques for each cost type are described in the attached table.

Profitability of routes can be stated either as fully allocated or avoidable, i.e.,

	Route revenues
Less:	Route fully allocated costs
Equals:	Route fully allocated profit (or loss)

or,

	Route revenues
Less:	Route avoidable costs
Equals:	Route avoidable profit (or loss)

No routes show a fully allocated profit. Some, however, show a profit on an avoidable-cost basis. Avoidable costs are about 50 percent of total (fully allocated) costs.

National Railroad Passenger Corporation  
Route Profitability System

Description of Methods for Allocating Costs

P. 1 of 5

Type of Cost	Allocated to trains on basis of:	Allocated to all trains:	Route Avoidability
Train/engine crew: Trainmen Train engineers	train miles over RR	on operating RR	avoidable
Train fuel and power	consumption	per type of equip- ment	avoidable
On board service - labor: Dining car Coach service Sleeping car	crews assigned to train	staffed by each crew base	avoidable
On board service - supplies: Food Liquor and tobacco Non-consumable - dining/snack Non-consumable - sleeper Non-consumable - coach	F and B revenue from each train	supplied by each commissary	avoidable
Other direct: Rents - locomotive Rents - cars	loco unit miles on RR car miles	on operating RR	avoidable
Station Services: Route stations: Ticketing Passenger service Cleaning & maintenance	on/off at station	stopping at each station	avoidable

National Railroad Passenger Corporation  
Route Profitability System

P. 2

Type of Cost		Description of Methods for Allocating Costs Allocated to trains on basis of		Route Avoidability	
Shared stations:		un/off's at station	stopping at each station	mixed-avoidable determined by schedule requirements without train(s)	
Ticketing					
Red caps/porters					
Baggage mail & express handling					
Ushers & stationmen					
Passenger inconvenience					
Building maintenance					
Transportation:					
Mainline operations					
Train dispatching - NRPC		train trips over segment (NRPC)	over each segment	unavoidable	
Signal/interlock operations - NRPC					
Drawbridge operations - NRPC					
Clearing wrecks - NRPC		train trips on RR	on operating RR	mixed - RR contract terms	
Transportation operations - RR		unit trips through yard	through each yard (NRPC) or on operating RR	mixed - NRPC unavoidable or per RR contract terms	
Yard operations					
Maintenance of Equipment					
Locomotive maintenance					
Diesel		Diesel locomotive unit miles	In NEC (NEC) costs off NEC	{ mixed unavoidable	
Maintenance & servicing heavy repairs					
Electric		Electric locomotive unit miles	In NEC (NEC costs) off NEC	{ mixed unavoidable	
Maintenance & servicing heavy repairs					
Other locomotive dismantling		Locomotive unit miles	In NEC (NEC cost) off NEC	unavoidable	
Car maintenance					
Turbine trains					
Maintenance & servicing		Turbo car miles	with Turbo equipment	{ mixed unavoidable	
Heavy repairs				{ available	
Wreck & accident repairs					



National Railroad Passenger Corporation Route Profitability System Description of Methods for Allocating Costs				Route Availability	
Type of Cost	Allocated to trains on basis of:	Allocated to all trains:			
Passenger cars Maintenance & servicing Heavy repairs Wreck & accident repairs Other car maintenance Dismantling	Car miles by equipment type	In NEC (NEC costs) off NEC (other costs)	{ mixed unavoidable avoidable } { unavoidable }		
Metroliner maintenance Running repairs & trip inspections Heavy repairs Wreck & accident repairs	Metro car miles	with Metroliner equipment	{ mixed unavoidable avoidable }		
Maintenance of Way: Track related maint. - NRPC Roadway Track Road crossing Snow & ice removal Tunnels Bridges Signs & fences	unit miles over segment	operated over segment	unavoidable		
Track related maint. - RR Facility related maint. - NRPC Signals & interlocker Communication system Power transmission system Roadway buildings Misc buildings Road machinery & equipment	unit miles on RR { unit miles over segment } M of E car/loco shops: unit miles Beech Grove: conv car miles NEC M of W: unit trips	on operating RR { operating over segment }	mixed - RR contract terms unavoidable		
Facility related maint. - RR	unit miles on RR	on operating RR	mixed - RR contract terms		



National Railroad Passenger Corporation  
Route Profitability System  
Description of Methods for Allocating Costs

p. 5

Type of Cost	Allocated to on basis of:	Allocated to all trains:	Route Avoidability
Line operation	<ul style="list-style-type: none"> <li>car miles (corp HQ);</li> <li>unit trips (reg. off);</li> <li>on/off (Marketing dist)</li> </ul>	<ul style="list-style-type: none"> <li>in system</li> <li>in region</li> <li>in district</li> </ul>	unavoidable
Procurement/purchasing	<ul style="list-style-type: none"> <li>unit miles (H of E buyers)</li> <li>unit trips (Mr. M of W buyers);</li> <li>F and R revenue each train (comm buyers)</li> </ul>	<ul style="list-style-type: none"> <li>served by facility in segment</li> <li>served by commissary</li> </ul>	unavoidable
Other	unit trips (special projects)	piercing region benefited	unavoidable
Depreciation	<ul style="list-style-type: none"> <li>unit miles</li> </ul>	within system	unavoidable
<ul style="list-style-type: none"> <li>Lease</li> <li>Shop and power plan</li> <li>Locomotives</li> <li>Passengers (conv. Amfleet)</li> <li>Freightliners</li> <li>Rail diesel cars</li> <li>Turbine trains</li> <li>Other equipment</li> </ul>	<ul style="list-style-type: none"> <li>loco unit miles</li> <li>car miles (by type)</li> <li>Metroliner car miles</li> <li>RDC car miles</li> <li>Turbo car miles</li> <li>unit miles</li> </ul>	<ul style="list-style-type: none"> <li>within system by equipment type</li> </ul>	unavoidable
Taxes	car miles	within system	avoidable on rolling stock and dedicated facilities
Insurance	car miles	within system	avoidable on passengers, rolling stock, and dedicated facilities
Interest	not allocated to trains		unavoidable
Costs of G and A	not allocated to trains		unavoidable

Question #2:

Do such allocations represent all costs associated with each train, including managerial costs?

Answer:

All operating costs are allocated to trains. Corporate expenses (general and administrative and interest) are not allocated to trains.

Question #3:

Has Amtrak established goals and/or timetables for individual trains? If so, describe in detail, including the monitoring of train performance and management efforts to accomplish specific goals.

Answer:

Amtrak has detailed target projects by route or by portions of routes. Many of these, of course, represent single trains or small clusters of trains providing a local service pattern.

Projections are for costs as well as revenues, and they are developed for the current year plus four more years out, and published as part of our annually updated five-year plans. Copies of Tables 42 through 47 from our current five-year plan are attached for your convenience. The projections in these tables represent corporate goals for revenue improvement as well as cost control.

Progress against these goals is checked regularly against actual results as reported in Amtrak's monthly Route Profitability Reports.

In addition, Amtrak's Marketing Department, as part of the sales function, develops special goals for certain promotions and other market-directed sales activity.

The processes for monitoring the quality of the service (train performance) are as follows:

We receive Telex reports from the operating railroads daily, which indicate the operating performance of every train run. This information is used in a multifaceted way.

- 1) Special problems that appear are handled with the carriers on a local or corporate level as may be appropriate.
- 2) On-time performance by individual train, by route, by individual railroad, and by Amtrak region is calculated.
- 3) Delays are categorized and analyzed for trends.

## Question #3 (continued)

4) The information is disseminated throughout the company and to the railroad for further study and action (for example, in pursuit of scheduling adjustments).

Additionally, Amtrak has instituted a real-time computerized train performance monitoring system called TOSS, which has many long-term analytical uses.

1) The TOSS print-out is compared with the carrier's Telex reports for accuracy and for further detailed study.

2) Such items as persistent stretches of delay-prone trackage or early arrivals (which may permit tightening of schedules) can be and are pinpointed for further action with those involved.

Table: 42

FIVE YEAR FINANCIAL AND OPERATING PLAN  
ROUTE BY ROUTE PROFIT AND LOSS  
FY1977 (\$ 000'S)

	AVOIDABLE			FULLY ALLOCATED	
	REVENUES	COSTS	PROFIT/ (LOSS)	COSTS	PROFIT/ (LOSS)
<b>NORTHEAST CORRIDOR</b>					
METROLINERS	34,841.	20,248.	14,613.	49,768.	(12,907.)
AEC CONVENTIONAL	42,394.	34,147.	8,447.	97,443.	(54,871.)
NEW HAVEN-SPNOFLD	874.	1,983.	(1,087.)		
NYC-HARRISBURG	784.	1,031.	(247.)	8,331.	(4,435.)
NYC-PHILADELPHIA	8,134.	11,284.	(3,150.)	2,846.	(2,042.)
PHILA-HARRISBURG	2,443.	3,370.	(907.)	6,832.	(4,404.)
<b>TOTAL NEC</b>	<b>91,734.</b>	<b>74,044.</b>	<b>17,642.</b>	<b>184,382.</b>	<b>(92,848.)</b>
<b>SHORT DISTANCE</b>					
CHICAGO-CARBONDALE	1,893.	2,309.	(416.)	3,887.	(1,994.)
CHICAGO-DETROIT	4,332.	5,431.	(1,294.)	11,283.	(6,948.)
CHICAGO-DUBUQUE	801.	839.	(38.)	1,320.	(519.)
CHICAGO-MILWAUKEE	1,431.	3,442.	(2,011.)	7,341.	(5,910.)
CHICAGO-FORT MURON	1,981.	2,494.	(513.)	4,924.	(2,943.)
CHICAGO-QUINCY	1,650.	1,435.	215.	2,552.	(882.)
CHICAGO-ST LOUIS	2,713.	3,109.	(394.)	5,218.	(2,505.)
LA-SAN DIEGO	4,441.	4,821.	(380.)	8,709.	(4,268.)
MINNEAPOLIS-DULUTH	959.	872.	87.	1,446.	(487.)
NYC-BUFFALO/DETA	8,445.	11,812.	(3,167.)	22,028.	(13,583.)
NEW YORK-MONTREAL	2,575.	2,808.	(233.)	5,327.	(2,752.)
OAKLAND-BAKERSFELD	494.	2,166.	(1,472.)	3,109.	(2,415.)
SEATTLE-PORTLAND	1,018.	2,072.	(1,454.)	3,752.	(2,734.)
SEATTLE-VANCOUVER	583.	1,073.	(490.)	1,808.	(1,225.)
WASH-CINCINNATI	420.	2,341.	(1,721.)	3,173.	(2,553.)
WASH-HARTISBURG	317.	558.	(241.)	1,489.	(1,172.)
SPECIAL TRAINS	837.	445.	392.	837.	(0.)
<b>TOTAL SHORT DIST</b>	<b>35,493.</b>	<b>48,828.</b>	<b>(13,335.)</b>	<b>88,184.</b>	<b>(52,691.)</b>
<b>LONG DISTANCE</b>					
BOSTON-NEWPRY MEWS	5,915.	4,453.	1,462.	9,152.	(3,237.)
CHICAGO-FLORIDA	5,795.	14,449.	(8,674.)	21,671.	(15,876.)
CHICAGO-HOUSTON	4,974.	13,367.	(8,391.)	22,079.	(15,103.)
CHICAGO-LAREDC	2,902.	8,446.	(5,544.)	13,147.	(10,245.)
CHI-LOS ANGELES	19,347.	24,841.	(5,474.)	43,312.	(23,945.)
CHI-NEW ORLEANS	5,208.	4,581.	627.	11,544.	(6,336.)
CHICAGO-NYC/BOSTON	7,412.	12,188.	(4,776.)	20,774.	(13,362.)
CHICAGO-NYC/WASH	10,195.	15,477.	(5,282.)	25,597.	(15,402.)
CHI-SAN FRANCISCO	14,041.	25,321.	(11,280.)	41,424.	(27,383.)
CHICAGO-SEATTLE(M)	12,234.	24,534.	(12,300.)	39,525.	(27,291.)
CHICAGO-SEATTLE(S)	4,234.	14,484.	(10,250.)	22,149.	(15,913.)
CHICAGO-WASH	3,284.	9,429.	(6,143.)	13,743.	(10,457.)
KANSAS CITY-NYC/WAS	4,298.	11,874.	(7,576.)	21,782.	(15,484.)
LA-NEW ORLEANS	5,708.	9,444.	(3,736.)	15,549.	(9,841.)
LA-SEATTLE	13,045.	19,315.	(6,250.)	33,024.	(19,959.)
NEW YORK-FLORIDA	34,444.	84,790.	(50,346.)	103,010.	(68,544.)
NEW YORK-BAVAHANNAH	5,840.	7,577.	(1,737.)	13,742.	(7,922.)
SEATTLE-BALT LAKE	1,311.	1,994.	(683.)	2,792.	(1,481.)
WASH-MONTREAL	5,298.	10,059.	(4,761.)	17,444.	(12,144.)
<b>TOTAL LONG DIST</b>	<b>173,551.</b>	<b>289,089.</b>	<b>(115,538.)</b>	<b>441,521.</b>	<b>(317,970.)</b>
<b>OTHER REVENUE</b>	<b>5,908.</b>				<b>5,908.</b>
<b>OPERATING TOTALS</b>	<b>830A,484.</b>	<b>8411,982.</b>	<b>(8,111,204.)</b>	<b>8744,237.</b>	<b>(8,457,601.)</b>
<b>CORPORATE EXPENSES</b>				<b>57,400.</b>	<b>(57,400.)</b>
<b>GRAND TOTAL</b>	<b>830A,484.</b>			<b>8821,637.</b>	<b>(8,515,001.)</b>
*****				*****	*****

**Table: 43**  
**FIVE YEAR FINANCIAL AND OPERATING PLAN**  
**ROUTE BY ROUTE PROFIT AND LOSS**  
**FY1977 (\$ 000'S)**

	AVOIDABLE			FULLY ALLOCATED	
	REVENUES	COSTS	PROFIT/ (LOSS)	COSTS	PROFIT/ (LOSS)
<b>NORTHEAST CORRIDOR</b>					
NETPOLICERS	41,740.	22,578.	19,171.	49,492.	( 7,322.1)
SEC CONVENTIONAL	46,520.	28,253.	18,267.	107,401.	( 60,881.1)
NEW HAVEN-SPRINGFIELD	941.	2,277.	( 1,336.1)	6,511.	( 5,570.1)
NYC-HARRISBURG	823.	1,140.	( 317.1)	3,346.	( 2,523.1)
NYC-PHILADELPHIA	9,946.	12,121.	( 2,175.1)	24,012.	( 14,066.1)
PHILA-HARRISBURG	2,922.	3,620.	( 698.1)	7,527.	( 4,605.1)
<b>TOTAL SEC</b>	<b>102,561.</b>	<b>80,252.</b>	<b>22,309.</b>	<b>207,349.</b>	<b>(104,752.1)</b>
<b>SHORT DISTANCE</b>					
CHICAGO-CARLETONDALE	2,126.	2,852.	( 726.1)	4,419.	( 2,293.1)
CHICAGO-DETROIT	4,568.	6,320.	( 1,752.1)	12,921.	( 8,353.1)
CHICAGO-DUBUQUE	809.	906.	( 96.1)	1,414.	( 605.1)
CHICAGO-MILWAUKEE	1,540.	2,349.	( 809.1)	5,853.	( 4,313.1)
CHICAGO-PORT HURON	2,627.	2,830.	( 203.1)	5,776.	( 3,149.1)
CHICAGO-QUINCY	1,847.	1,264.	583.1	2,555.	( 708.1)
CHICAGO-ST LOUIS	2,975.	3,344.	( 369.1)	5,791.	( 2,816.1)
LA-SAN DIEGO	6,112.	5,401.	711.1	10,275.	( 4,163.1)
MINNEAPOLIS-DULUTH	944.	900.	44.1	1,657.	( 713.1)
NYC-BUFFALO/DETROIT	10,481.	13,432.	( 2,951.1)	29,624.	( 19,143.1)
NEW YORK-MONTREAL	3,150.	3,526.	( 376.1)	5,822.	( 2,672.1)
OAKLAND-BAKERSFIELD	729.	2,469.	( 1,740.1)	3,231.	( 2,502.1)
SEATTLE-PORTLAND	845.	1,937.	( 1,092.1)	2,050.	( 1,205.1)
SEATTLE-VANCOUVER	782.	1,247.	( 465.1)	2,007.	( 1,225.1)
WASH-CINCINNATI	651.	2,907.	( 2,256.1)	4,254.	( 3,603.1)
WASH-MARTINSBURG	322.	610.	( 288.1)	1,514.	( 1,192.1)
SPECIAL TRAINS	857.	449.	408.1	857.	( 0.1)
NEW 40(3) ROUTES	529.	613.	( 90.1)	1,212.	( 683.1)
<b>TOTAL SHORT DIST</b>	<b>41,984.</b>	<b>55,547.</b>	<b>( 13,563.1)</b>	<b>102,959.</b>	<b>( 60,975.1)</b>
<b>LONG DISTANCE</b>					
BOSTON-NEWPORT NEWS	7,585.	5,815.	1,770.1	11,673.	( 4,088.1)
CHICAGO-FLORIDA	6,332.	17,239.	( 10,907.1)	25,027.	( 18,695.1)
CHICAGO-HOUSTON	7,910.	15,826.	( 7,916.1)	25,547.	( 17,637.1)
CHICAGO-LAREDO	3,599.	9,592.	( 5,993.1)	14,705.	( 11,106.1)
CHI-LOS ANGELES	19,415.	29,526.	( 10,111.1)	52,220.	( 32,805.1)
CHI-NEW ORLEANS	5,517.	6,696.	( 1,179.1)	11,622.	( 6,105.1)
CHICAGO-NYC/BOSTON	7,695.	14,692.	( 6,997.1)	24,560.	( 16,865.1)
CHICAGO-NYC/WASH	10,373.	15,724.	( 5,351.1)	30,502.	( 20,129.1)
CHI-SAN FRANCISCO	14,950.	29,272.	( 14,322.1)	47,501.	( 32,551.1)
CHICAGO-SEATTLE(1)	15,449.	29,572.	( 14,123.1)	46,031.	( 30,582.1)
CHICAGO-SEATTLE(2)	9,022.	16,451.	( 7,429.1)	25,214.	( 16,192.1)
CHICAGO-WASH	4,253.	10,352.	( 6,099.1)	15,317.	( 11,064.1)
KANSAS CITY-NYC/WAS	6,611.	12,995.	( 6,384.1)	23,703.	( 17,092.1)
LA-NEW ORLEANS	6,512.	11,173.	( 4,661.1)	12,089.	( 5,577.1)
LA-SEATTLE	16,313.	22,370.	( 6,057.1)	37,522.	( 21,209.1)
NEW YORK-FLORIDA	44,276.	60,420.	( 16,144.1)	114,246.	( 70,000.1)
NEW YORK-SAVANNAH	6,205.	8,505.	( 2,300.1)	15,524.	( 9,319.1)
SEATTLE-SALT LAKE	2,394.	6,774.	( 4,380.1)	9,452.	( 7,058.1)
WASH-MONTREAL	5,732.	11,478.	( 5,746.1)	20,327.	( 14,595.1)
<b>TOTAL LONG DIST</b>	<b>199,521.</b>	<b>333,444.</b>	<b>( 133,923.1)</b>	<b>571,083.</b>	<b>( 371,562.1)</b>
<b>OTHER REVENUE</b>	<b>8,200.</b>				<b>8,200.</b>
<b>OPERATING TOTALS</b>	<b>312,286.</b>	<b>349,249.</b>	<b>( 36,963.1)</b>	<b>589,332.</b>	<b>( 277,046.1)</b>
<b>CORPORATE EXPENSES</b>				<b>61,974.</b>	<b>( 61,974.1)</b>
<b>GRAND TOTAL</b>	<b>312,286.</b>			<b>651,306.</b>	<b>( 339,020.1)</b>



Table: 44

FIVE YEAR FINANCIAL AND OPERATING PLAN  
ROUTE BY ROUTE PROFIT AND LOSS  
FY1979 (\$ 000'S)

	AVOIDABLE		FULLY ALLOCATED		
	REVENUES	COSTS	PROFIT/ (LOSS)	COSTS	PROFIT/ (LOSS)
NORTHEAST CORRIDOR					
METROLINERS	43,382.	25,515.	17,867.	67,874.	(24,012.)
NEC CONVENTIONAL	55,765.	42,523.	13,242.	124,683.	(68,918.)
NEW HAVEN-SPRINGFIELD	988.	2,873.	(1,885.)	7,576.	(6,588.)
NYC-HARRISBURG	864.	1,265.	(401.)	3,861.	(2,997.)
NYC-PHILADELPHIA	10,691.	18,246.	(7,555.)	28,199.	(17,507.)
PHILA-HARRISBURG	3,183.	3,993.	(810.)	4,595.	(1,412.)
TOTAL NEC	109,904.	90,036.	19,857.	240,457.	(130,563.)
SHORT DISTANCE					
CHICAGO-CARBONDALE	2,314.	2,824.	(510.)	4,960.	(2,646.)
CHICAGO-DETROIT	4,594.	5,979.	(1,385.)	18,743.	(14,149.)
CHICAGO-DOUBUCUE	851.	1,095.	(244.)	1,681.	(830.)
CHICAGO-MILWAUKEE	1,683.	4,275.	(2,592.)	9,550.	(7,867.)
CHICAGO-PERT HURON	2,875.	3,137.	(262.)	6,574.	(3,699.)
CHICAGO-QUINCY	1,590.	2,064.	(474.)	3,211.	(1,621.)
CHICAGO-ST LOUIS	1,203.	3,639.	(2,436.)	6,482.	(5,279.)
LA-SAN DIEGO	6,753.	6,002.	751.	11,857.	(5,104.)
MINNEAPOLIS-DULUTH	1,005.	1,099.	(94.)	1,956.	(951.)
NY-BUFFALO/DET	11,233.	15,030.	(3,797.)	22,715.	(11,482.)
NEW YORK-MONTREAL	3,425.	3,600.	(175.)	5,423.	(1,998.)
OAKLAND-BAKERSFIELD	765.	2,724.	(1,959.)	2,935.	(2,170.)
SEATTLE-PORTLAND	914.	2,135.	(1,221.)	3,402.	(2,488.)
SEATTLE-VANCOUVER	344.	1,287.	(943.)	2,277.	(1,933.)
WASH-DENVER	624.	2,190.	(1,566.)	4,745.	(4,121.)
WASH-MARTINSBURG	389.	671.	(282.)	1,656.	(1,267.)
SPECIAL TRAINS	966.	497.	469.	966.	0.
NEW ROUTES	1,293.	1,950.	(657.)	3,756.	(2,463.)
TOTAL SHORT DIST	66,749.	62,525.	(4,224.)	117,524.	(50,775.)
LONG DISTANCE					
BOSTON-NEWPORT NEWS	3,259.	6,499.	(3,240.)	13,401.	(10,142.)
CHICAGO-FLORIDA	6,944.	19,075.	(12,131.)	23,975.	(17,031.)
CHICAGO-HOUSTON	12,358.	17,866.	(5,508.)	28,210.	(15,852.)
CHICAGO-LAS VEGAS	3,361.	10,685.	(7,324.)	15,453.	(12,092.)
CHI-LOS ANGELES	25,625.	32,698.	(7,073.)	51,435.	(25,810.)
CHI-NEW ORLEANS	5,950.	7,828.	(1,878.)	13,238.	(7,288.)
CHICAGO-NYC/BOSTON	8,575.	15,265.	(6,690.)	27,396.	(18,821.)
CHICAGO-NYC/WASH	11,274.	17,822.	(6,548.)	34,408.	(23,134.)
CHI-SAN FRANCISCO	12,557.	32,592.	(20,035.)	51,598.	(39,041.)
CHICAGO-SEATTLE(1)	17,885.	21,520.	(3,635.)	51,479.	(33,594.)
CHICAGO-SEATTLE(2)	9,784.	18,257.	(8,473.)	22,147.	(12,363.)
CHICAGO-WASH	4,541.	11,866.	(7,325.)	17,049.	(12,508.)
KANSAS CITY-NYC/WAS	4,944.	14,381.	(9,437.)	25,581.	(20,637.)
LA-NEW ORLEANS	9,277.	12,407.	(3,130.)	26,178.	(16,901.)
LA-SEATTLE	22,730.	29,922.	(7,192.)	42,912.	(20,182.)
NEW YORK-FLORIDA	50,669.	69,503.	(18,834.)	131,576.	(80,907.)
NEW YORK-SAVANNAH	6,676.	9,855.	(3,179.)	17,445.	(10,769.)
SEATTLE-SALT LAKE	2,533.	7,308.	(4,775.)	10,221.	(7,688.)
WASH-MONTREAL	6,225.	12,948.	(6,723.)	22,459.	(16,234.)
TOTAL LONG DIST	235,901.	371,575.	(135,674.)	542,521.	(306,620.)
OTHER REVENUE	10,700.				10,700.
OPERATING TOTALS	3403,254.	3524,201.	220,957.	31,701,912.	2,598,558.
CORPORATE EXPENSES				70,413.	(70,413.)
GRAND TOTAL	3403,254.			31,772,325.	2,669,071.

Table: 45

FIVE YEAR FINANCIAL AND OPERATING PLAN  
ROUTE BY ROUTE PROFIT AND LOSS  
FY1950 (\$ 000'S)

	AVOIDABLE			FULLY ALLOCATED	
	REVENUES	COSTS	PROFIT/ (LOSS)	COSTS	PROFIT/ (LOSS)
<b>NORTHEAST CORRIDOR</b>					
WETCOLINERS	47,817.	27,807.	20,010.	74,766.	( 26,956.)
WEC CONVENTIONAL	56,325.	46,124.	10,144.	132,002.	( 75,674.)
NEW HAVEN-SPROFLO	1,037.	2,677.	( 1,640.)	8,950.	( 7,913.)
NYC-HARRISBURG	908.	1,375.	( 472.)	4,237.	( 3,329.)
NYC-PHILADELPHIA	11,560.	15,868.	( 4,308.)	31,410.	( 19,850.)
PHILA-HARRISBURG	3,472.	4,344.	( 871.)	9,446.	( 5,974.)
<b>TOTAL WEC</b>	<b>121,125.</b>	<b>98,250.</b>	<b>22,854.</b>	<b>266,415.</b>	<b>(145,290.)</b>
<b>SHORT DISTANCE</b>					
CHICAGO-CARSBORALE	2,527.	3,069.	( 541.)	5,443.	( 2,916.)
CHICAGO-DETROIT	5,456.	7,525.	( 2,120.)	16,200.	( 10,744.)
CHICAGO-DUBUQUE	921.	1,122.	( 245.)	1,732.	( 810.)
CHICAGO-MILWAUKEE	1,835.	4,925.	( 2,751.)	10,568.	( 8,733.)
CHICAGO-PONTIAC	3,109.	2,409.	300.	7,108.	( 4,199.)
CHICAGO-QUINCY	2,193.	2,245.	( 57.)	3,519.	( 1,326.)
CHICAGO-ST. LOUIS	3,465.	4,007.	( 542.)	7,102.	( 3,637.)
LA-SAN DIEGO	7,472.	6,550.	922.	13,005.	( 5,533.)
MINNEAPOLIS-DULUTH	1,066.	1,192.	( 112.)	2,047.	( 981.)
NYC-BUFFALO/DET	12,274.	16,304.	( 4,030.)	31,580.	( 19,306.)
NEW YORK-MONTREAL	3,752.	4,249.	( 495.)	4,265.	( 513.)
OAKLAND-BAKERSFLO	803.	2,861.	( 2,158.)	4,205.	( 3,402.)
SEATTLE-PORTLAND	991.	2,317.	( 1,326.)	3,229.	( 2,238.)
SEATTLE-VANCOUVER	903.	1,813.	( 910.)	2,562.	( 1,659.)
WASH-CINCINNATI	718.	3,484.	( 2,766.)	5,126.	( 4,408.)
WASH-HARRISBURG	367.	725.	( 358.)	1,211.	( 844.)
SPECIAL TRUCKS	1,064.	551.	513.	1,084.	( 20.)
SEA 403(S) ROUTES	4,834.	5,033.	( 197.)	9,099.	( 4,265.)
<b>TOTAL SHORT DIST</b>	<b>52,770.</b>	<b>70,949.</b>	<b>( 17,179.)</b>	<b>134,661.</b>	<b>( 70,911.)</b>
<b>LONG DISTANCE</b>					
BOSTON-NEWYORK NEWS	9,141.	7,066.	2,045.	14,902.	( 5,857.)
CHICAGO-FLORIDA	7,670.	20,723.	( 13,053.)	21,547.	( 13,877.)
CHICAGO-HOUSTON	11,995.	19,010.	( 7,014.)	21,525.	( 9,530.)
CHICAGO-LA-PERC	4,357.	11,576.	( 7,219.)	12,745.	( 8,388.)
CHI-LOS ANGELES	26,290.	39,352.	( 13,062.)	69,790.	( 43,500.)
CHI-NEW ORLEANS	6,491.	8,099.	( 1,608.)	14,577.	( 8,086.)
CHICAGO-NYC/SOSTON	9,245.	17,527.	( 8,282.)	26,955.	( 17,710.)
CHICAGO-NYC/WASH	12,220.	18,941.	( 6,721.)	27,525.	( 15,305.)
CHI-SAN FRANCISCO	20,320.	35,547.	( 15,227.)	52,740.	( 32,420.)
CHICAGO-SEATTLE(N)	18,223.	24,561.	( 6,338.)	55,295.	( 37,072.)
CHICAGO-SEATTLE(S)	10,702.	16,870.	( 6,168.)	20,713.	( 10,011.)
CHICAGO-WASH	5,085.	12,466.	( 7,381.)	18,625.	( 13,540.)
KANSAS CITY-WYC/WAS	7,291.	15,631.	( 8,340.)	29,162.	( 21,871.)
LA-NEW ORLEANS	10,529.	12,501.	( 1,972.)	22,031.	( 11,502.)
LA-SEATTLE	22,740.	27,125.	( 4,385.)	46,527.	( 23,787.)
NEW YORK-FLORIDA	56,221.	74,632.	( 18,412.)	144,754.	( 88,533.)
NEW YORK-SAVANNAH	7,736.	10,299.	( 2,563.)	19,440.	( 11,704.)
SEATTLE-SALT LAKE	2,678.	7,926.	( 5,248.)	11,202.	( 8,524.)
WASH-MONTREAL	6,707.	14,032.	( 7,325.)	24,704.	( 17,997.)
<b>TOTAL LONG DIST</b>	<b>259,292.</b>	<b>404,574.</b>	<b>(145,282.)</b>	<b>725,265.</b>	<b>(466,075.)</b>
<b>OTHER REVENUE</b>	<b>10,200.</b>				<b>10,200.</b>
<b>OPERATING TOTALS</b>	<b>\$444,927.</b>	<b>\$573,784.</b>	<b>\$128,857.</b>	<b>\$1,107,152.</b>	<b>\$(562,175.)</b>
<b>CORPORATE EXPENSES</b>				<b>64,972.</b>	<b>( 64,972.)</b>
<b>GRAND TOTAL</b>	<b>\$444,927.</b>			<b>\$1,172,124.</b>	<b>\$(627,147.)</b>

Table: 46

**FIVE YEAR FINANCIAL AND OPERATING PLAN  
ROUTE BY ROUTE PROFIT AND LOSS  
FY1981 (\$ 000'S)**

	AVOIDABLE		FULLY ALLOCATED		
	REVENUES	COSTS	PROFIT/ LOSS	COSTS	PROFIT/ LOSS
NORTHEAST CORRIDOR					
WETROLINERS	58,462.	20,690.	27,792.	43,560.	( 25,078.)
NEC CONVENTIONAL	70,630.	50,712.	19,918.	152,246.	( 81,216.)
NEW HAVEN-SPRINGFLD	1,244.	2,936.	( 1,692.)	9,577.	( 8,333.)
NYC-HARRISBURG	953.	1,612.	( 659.)	8,715.	( 7,762.)
NYC-PHILADELPHIA	12,322.	17,796.	( 5,474.)	35,226.	( 22,904.)
PHILA-HARRISBURG	3,776.	4,779.	( 1,003.)	10,502.	( 6,726.)
TOTAL NEC	148,408.	108,825.	39,983.	297,830.	(149,022.)
SHORT DISTANCE					
CHICAGO-CARBONDALE	2,745.	2,365.	( 380.)	5,085.	( 2,340.)
CHICAGO-DECATUR	5,960.	2,320.	( 2,370.)	12,209.	( 6,249.)
CHICAGO-DUBUQUE	929.	1,002.	( 73.)	1,978.	( 1,049.)
CHICAGO-MILWAUKEE	1,991.	5,025.	( 3,034.)	11,247.	( 9,256.)
CHICAGO-PORT HURON	2,383.	2,742.	( 359.)	2,211.	( 1,628.)
CHICAGO-QUINCY	2,322.	2,452.	( 130.)	2,295.	( 37.)
CHICAGO-ST LOUIS	3,727.	4,395.	( 668.)	7,872.	( 4,145.)
LA-SAN DIEGO	2,243.	7,247.	( 5,004.)	14,482.	( 12,239.)
MINNEAPOLIS-DULUTH	1,173.	1,319.	( 146.)	2,273.	( 1,100.)
NYC-BUFFALO/DETROIT	13,252.	17,857.	( 4,605.)	25,120.	( 11,868.)
NEW YORK-MONTREAL	4,112.	4,564.	( 452.)	9,297.	( 5,185.)
OAKLAND-BAKERSFIELD	257.	2,258.	( 2,001.)	4,777.	( 4,520.)
SEATTLE-PORTLAND	1,081.	2,544.	( 1,463.)	4,189.	( 3,108.)
SEATTLE-VANCOUVER	624.	1,673.	( 1,049.)	2,252.	( 1,628.)
WASH-CINCINNATI	754.	2,772.	( 2,018.)	5,645.	( 4,891.)
WASH-HARRISBURG	395.	796.	( 401.)	1,989.	( 1,594.)
SPECIAL TRAINS	1,211.	505.	602.	1,211.	( 0.)
NEW 403(S) ROUTES	2,392.	2,502.	( 110.)	15,135.	( 12,743.)
TOTAL SHORT DIST	51,525.	80,875.	( 29,350.)	154,950.	( 103,425.)
LONG DISTANCE					
BOSTON-NEWYORK/NEWARK	11,231.	7,240.	( 3,991.)	16,505.	( 5,274.)
CHICAGO-FLORIDA	9,181.	22,732.	( 13,551.)	35,034.	( 25,853.)
CHICAGO-HOUSTON	12,025.	20,856.	( 8,831.)	34,900.	( 22,875.)
CHICAGO-LAREDO	4,592.	12,243.	( 7,651.)	19,954.	( 15,362.)
CHI-LOS ANGELES	31,503.	39,013.	( 7,510.)	71,010.	( 39,507.)
CHI-NEW ORLEANS	5,555.	8,602.	( 3,047.)	16,094.	( 10,539.)
CHICAGO-NYC/BOSTON	9,940.	19,445.	( 9,505.)	33,225.	( 23,285.)
CHICAGO-NYC/VAASH	12,069.	20,787.	( 8,718.)	41,951.	( 29,882.)
CHI-SAN FRANCISCO	21,795.	39,070.	( 17,275.)	55,075.	( 33,280.)
CHICAGO-SEATTLE/SEA	19,502.	26,042.	( 6,540.)	62,322.	( 42,820.)
CHICAGO-SEATTLE/SEA(S)	11,747.	21,806.	( 10,059.)	34,020.	( 22,273.)
CHICAGO-WASH	5,414.	13,729.	( 8,315.)	20,553.	( 15,139.)
KANSAS-CITY-NYC/WASH	7,583.	17,149.	( 9,566.)	32,219.	( 24,636.)
LA-NEW ORLEANS	11,767.	14,413.	( 2,646.)	24,405.	( 12,638.)
LA-SEATTLE	24,980.	29,635.	( 4,655.)	51,517.	( 26,537.)
NEW YORK-FLORIDA	62,347.	21,992.	( 40,355.)	160,457.	( 98,110.)
NEW YORK-SAVANNAH	3,927.	11,225.	( 7,298.)	21,610.	( 17,683.)
SEATTLE-SALT LAKE	2,830.	8,641.	( 5,811.)	11,950.	( 9,120.)
WASH-MONTREAL	7,909.	15,492.	( 7,583.)	29,021.	( 21,112.)
TOTAL LONG DIST	224,919.	444,456.	( 219,537.)	752,255.	( 527,336.)
OTHER REVENUE	10,500.				10,500.
OPERATING TOTALS	8505,582.	8632,755.	( 127,173.)	81,224,717.	( 2,729,055.)
CORPORATE EXPENSES				59,223.	( 59,223.)
GRAND TOTAL	8505,582.			81,283,940.	( 2,788,278.)

Table: 47

FIVE YEAR FINANCIAL AND OPERATING PLAN  
ROUTE 37 ROUTE PROFIT AND LOSS  
FY1952 (\$ 000'S)

	AVAILABLE			FULLY ALLOCATED	
	REVENUES	COSTS	PROFIT/ (LOSS)	COSTS	PROFIT/ (LOSS)
<b>NORTHEAST CORRIDOR</b>					
RETROFITTERS	54,969.	32,989.	21,979.	92,215.	( 24,317.)
REC CONVENTIONAL	52,447.	55,870.	24,572.	171,380.	( 78,937.)
NEW HAVEN-SPOKED	1,625.	3,237.	( 1,609.)	10,703.	( 9,078.)
NYC-HARRISBURG	1,001.	1,564.	( 562.)	9,245.	( 8,244.)
NYC-PHILADELPHIA	18,779.	19,522.	( 743.)	39,424.	( 25,055.)
PHILA-HARRISBURG	4,104.	5,275.	( 1,172.)	11,712.	( 7,608.)
<b>TOTAL REC</b>	<b>178,954.</b>	<b>119,957.</b>	<b>58,997.</b>	<b>331,753.</b>	<b>(153,199.)</b>
<b>SHORT DISTANCE</b>					
CHICAGO-CARBONDALE	2,988.	2,701.	( 287.)	6,795.	( 3,747.)
CHICAGO-DETROIT	6,469.	9,173.	( 2,704.)	20,352.	( 13,883.)
CHICAGO-DUBUQUE	1,067.	1,434.	( 367.)	2,129.	( 1,062.)
CHICAGO-MILWAUKEE	2,151.	5,512.	( 3,361.)	13,217.	( 11,066.)
CHICAGO-PONTIAC MURKIN	3,602.	4,124.	( 522.)	9,234.	( 5,632.)
CHICAGO-QUINCY	2,515.	2,703.	( 188.)	4,225.	( 1,710.)
CHICAGO-ST. LOUIS	4,013.	4,832.	( 819.)	5,764.	( 1,751.)
LA-SAN DIEGO	9,129.	8,052.	1,085.	16,201.	( 7,062.)
MINNEAPOLIS-DULUTH	1,272.	1,457.	( 185.)	2,543.	( 1,271.)
NYC-BUFFALO/DETROIT	14,205.	19,641.	( 5,436.)	39,319.	( 25,004.)
NEW YORK-MONTREAL	4,515.	5,134.	( 619.)	10,359.	( 5,844.)
OAKLAND-BAKERSFIELD	945.	2,699.	( 1,754.)	5,307.	( 4,362.)
SEATTLE-PONTIAC	1,120.	2,802.	( 1,682.)	4,533.	( 3,413.)
SEATTLE-VANCOUVER	1,071.	1,957.	( 886.)	3,192.	( 2,121.)
WASH-MONTREAL	751.	4,122.	( 3,371.)	6,275.	( 5,524.)
WASH-MARTINSBURG	405.	873.	( 468.)	2,151.	( 1,746.)
SPECIAL TRAINS	1,249.	572.	677.	1,349.	( 9.)
NEW 403(S) SCOUTS	12,540.	12,927.	( 387.)	22,831.	( 10,291.)
<b>TOTAL SHORT DIST</b>	<b>70,445.</b>	<b>92,544.</b>	<b>( 22,199.)</b>	<b>175,016.</b>	<b>(108,567.)</b>
<b>LONG DISTANCE</b>					
BOSTON-NEWPORT NEWS	14,365.	9,449.	5,916.	18,993.	( 4,628.)
CHICAGO-FLORIDA	9,522.	24,989.	( 15,467.)	35,222.	( 25,700.)
CHICAGO-HOUSTON	14,114.	22,952.	( 8,838.)	35,725.	( 21,611.)
CHICAGO-LAREDO	5,345.	14,126.	( 8,781.)	22,075.	( 16,730.)
CHI-LOS ANGELES	35,535.	42,556.	( 7,021.)	75,765.	( 40,230.)
CHI-NEW ORLEANS	4,469.	9,825.	( 5,356.)	17,799.	( 13,330.)
CHICAGO-NYC/BOSTON	11,053.	21,444.	( 10,391.)	36,295.	( 25,242.)
CHICAGO-NYC/WASH	12,932.	22,852.	( 9,920.)	46,574.	( 33,642.)
CHI-SAN FRANCISCO	24,244.	41,007.	( 16,763.)	72,195.	( 47,951.)
CHICAGO-SEATTLE(N)	21,599.	41,784.	( 20,185.)	55,104.	( 33,505.)
CHICAGO-SEATTLE(S)	13,052.	29,441.	( 16,389.)	37,585.	( 24,533.)
CHICAGO-WASH	5,807.	15,124.	( 9,317.)	22,724.	( 16,917.)
KANSAS CITY-NYC/WAS	9,273.	18,852.	( 9,579.)	35,073.	( 25,800.)
LA-NEW ORLEANS	13,221.	16,270.	( 3,049.)	27,028.	( 13,807.)
LA-SEATTLE	24,570.	33,007.	( 8,437.)	57,382.	( 32,812.)
NEW YORK-FLORIDA	69,759.	90,147.	( 20,388.)	175,255.	( 105,496.)
NEW YORK-SAVANNAH	10,574.	12,077.	( 1,503.)	24,027.	( 13,453.)
SEATTLE-SALT LAKE	3,025.	8,434.	( 5,409.)	13,014.	( 9,989.)
WASH-MONTREAL	9,387.	17,156.	( 7,769.)	32,246.	( 22,859.)
<b>TOTAL LONG DIST</b>	<b>319,471.</b>	<b>429,920.</b>	<b>( 110,449.)</b>	<b>567,824.</b>	<b>(348,353.)</b>
<b>OTHER REVENUE</b>	<b>10,800.</b>				<b>10,800.</b>
<b>OPERATING TOTALS</b>	<b>857,274.</b>	<b>870,821.</b>	<b>( 13,547.)</b>	<b>913,577.</b>	<b>( 56,303.)</b>
<b>CORPORATE EXPENSES</b>				<b>93,747.</b>	<b>( 93,747.)</b>
<b>GRAND TOTAL</b>	<b>857,274.</b>			<b>1,007,324.</b>	<b>( 150,050.)</b>

Question #4:

Describe in detail Amtrak's internal management structure, including the role and functions of its regions and districts.

Answer:

Amtrak essentially is divided into two geographic operating areas, the Northeast Corridor (between Washington and Boston and the ancillary lines between Philadelphia and Harrisburg and between New Haven and Springfield) and the rest of the national system. The Northeast Corridor organization is analagous to a corporate division, and its headquarters are in Philadelphia. The corridor group is primarily concerned with daily train operations but also directly consults with the appropriate state and local agencies, especially the transportation department or districts, to ensure that schedules are coordinated. Policy and most marketing functions remain within Amtrak's corporate headquarters in Washington.

National Operations--the trains and routes beyond the Northeast Corridor proper--is headquartered in Washington as a department within corporate headquarters. National Operation's field activities however, have been extensively regionalized.

National Operation's management is structured to accomplish two basic tasks: 1) the day-to-day operations of trains, stations, and the necessary support activities such as maintenance facilities and on-board service crew bases; and 2) the establishment of longer-term objectives, policies, procedures, and controls for the nationwide system.

Day-to-day operations are under the primary control of seven districts in three regions. Within the policies provided by the corporate offices, these field offices' responsibilities include the provisioning and crewing of trains, operation and maintenance of stations, maintenance and repair of locomotives and cars, and the monitoring and, when practicable, enforcement of the contract railroads' obligation to operate trains in a safe, expeditious manner. Naturally, there are several administrative activities such as timekeeping and budget management connected with the above and these too are performed in our district and regional offices.

Question #4 (continued)

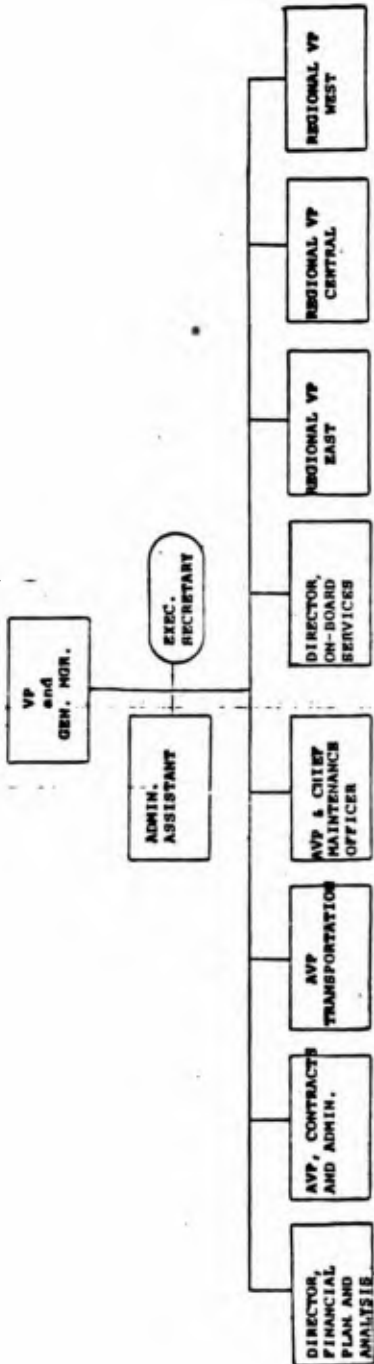
The National Operations corporate staff is structured to provide functional expertise and policy guidance to the field. The major activity areas are:

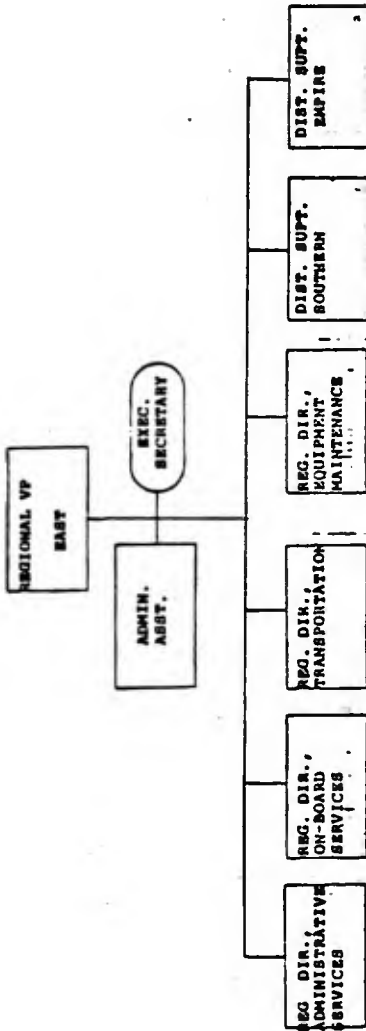
- On-board services
- Transportation (includes stations and operations planning)
- Maintenance
- Financial planning and analysis
- Contract negotiations and administration (railroad contracts)

Organization charts and a map are attached for your reference (Attachment B).

The sales function within Amtrak's Marketing Department has also been regionalized. Amtrak's field Sales Department is divided into three Regions with regional headquarters as follows: Eastern is in New York City; Central is in Chicago, and Western is in San Francisco. The regions are subdivided into 13 districts with the districts headquarters as follows: Boston, New York, Philadelphia, Washington, and Orlando report to the Eastern Region; Minneapolis, Chicago, Indianapolis, St. Louis, and Houston report to the Central Region; and Seattle, San Francisco, and Los Angeles report to the Western Region. Each district is responsible for sales coverage within specific territory assignments and is accountable for accomplishing sales quotas assigned by corporate headquarters through their respective regional headquarters.

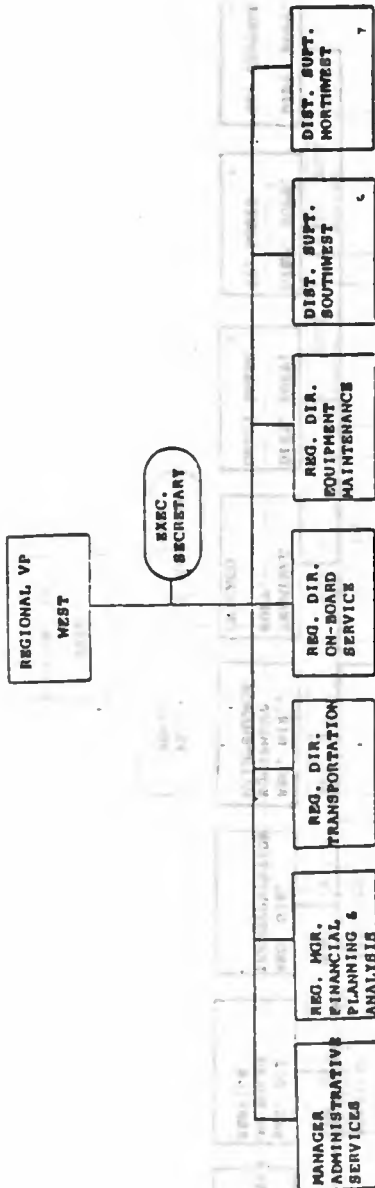
Additionally, Amtrak has, within its Marketing Department, five Central Reservations Offices located in New York City; Bensalem, Pennsylvania (Philadelphia); Jacksonville; Chicago, and Los Angeles, which provide support to patrons for reservations, information, and sales.

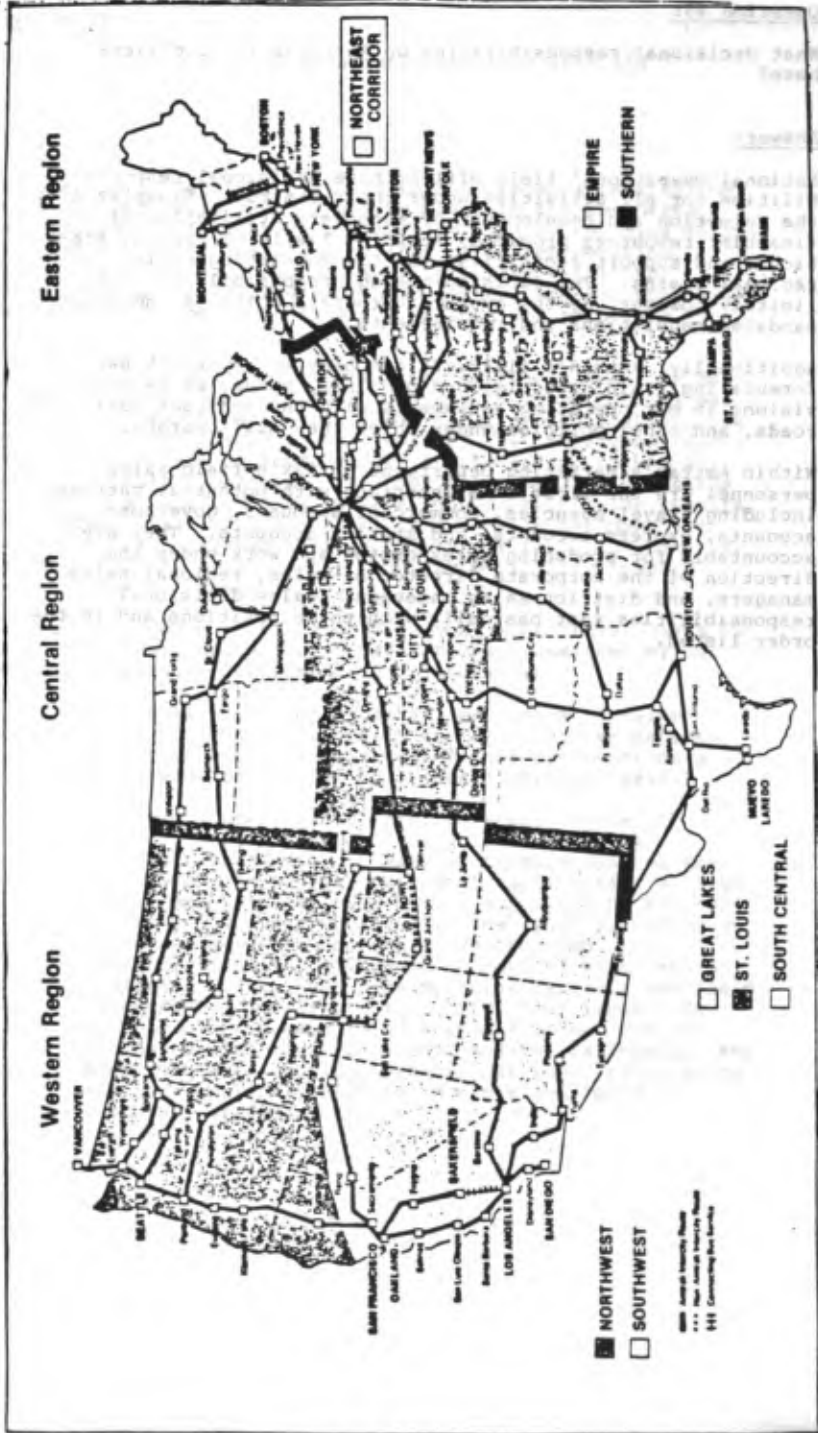
ATTACHMENT B  
Page 1 Of 5











Question #5:

What decisional responsibilities do Amtrak's field offices have?

Answer:

National Operations' field offices have decisional responsibilities for all activities under their control. Examples are: the selection and development of manpower; utilization of financial resources provided; staffing levels of trains, stations, and support facilities; and the consisting of intra-regional trains. The decision-making responsibilities are limited, however, by the overall corporate policies and other mandated regulations and requirements.

Additionally, Amtrak's field offices play an important part in formulating train schedules and consists, menus, certain provisions in our operating agreements with the contract railroads, and other policies under which they must operate.

Within Amtrak's Marketing Department Amtrak's field sales personnel are the first line interface with potential patrons, including travel agencies, commercial accounts, government accounts, express accounts, and station accounts. They are accountable for producing sales quotas and work under the direction of the corporate director of sales, regional sales managers, and district sales managers. Sales decisional responsibilities rest basically with these positions and in the order listed.

Question #6:

To what extent is central management involved in field decisions?

Answer:

Decisions of a long-term policy nature or those affecting the nationwide system as a whole are reserved to the corporate headquarters staff, with responsibility finally residing in the president and chief operating officer of the corporation. Suggestions for policy changes move both ways within the system; some are initiated from headquarters and regional views are solicited. Some come from the regions for corporate review.

Within the broad policies established there is a need for day-to-day implementation decisions tailored to local conditions, and, after an early period of almost total centralization, the regions were established so that many of the operational decisions could be made by those closer to the actual day-to-day problems. Central management's involvement in such decisions is often on a post-facto basis depending on particular results. When there is time, regions often consult with headquarters. What results is a system that is not overly rigid but one that assigns authority commensurate with responsibility, subject always to later review.

The need for sudden on-the-spot decisions most often occurs in the area of train operations. The response submitted by our National Operations Department is illustrative:

"National Operations' central management involvement in field decisions is limited to those matters that best serve the interest of our customers on a systemwide as opposed to a more localized basis."

"Decisions are divided into two areas, those of central coordinated policy and those of local field-oriented policy. Many of these decisions are made by our employees, but, most importantly, a large number must also be made by the employees of the carriers with which we contract. The final authority on employee decisions concerning detours and other emergency handling of trains is handled with central management with input from both the carriers and field management. Consist, space control and locomotive distribution is handled on a system level, and coordinated with local personnel and the railroads. For short-distance corridor trains, our local managements set the consists, which in turn are monitored by corporate headquarters."

Question #6 (continued)

"While final authority in all matters rests with the Vice President and General Manager - National Operations, central management for the most part only ensures that field decisions are in the best interest of the customer and comply with overall policy."

Question #7:

Why is West Virginia served by a field office located in Miami? If there are cost savings associated with this decision, explain in full the nature and extent of the savings.

Answer:

Although National Operations' Southern Region is headquartered in Miami, train operations through West Virginia are directly the responsibility of supervisory personnel in Richmond, Roanoke and Cincinnati. In addition, there is an Amtrak maintenance facility at Tri-State, Kentucky, very near Kenova and Huntington, West Virginia.

Miami was selected as the overall regional headquarters because of the number of trains and volume of passengers originating from or destined for the Florida market, including the Chicago-Florida service.

This arrangement is in line with our decentralization of management control over daily activities which began two and one-half years ago. While there have been some manpower savings, our main objective, which we are approaching, has been to more effectively control our activities through decentralization than was possible with the former centralized management.

West Virginia is also served by Amtrak's Senior Sales Representative located in Richmond, who reports to the Washington Sales Office.

Question #8:

How can field offices effectively serve areas from which they are geographically remote? How are such offices able to maintain close contact with the areas to be served?

Answer:

Within our three regions under National Operations (excluding Northeast Corridor Operations), which are headquartered in Alexandria, Virginia, (the Eastern Region); Chicago (the Central Region), and San Francisco (the Western Region), are a number of District Offices (field offices) that have been located in those cities where our most important service work is centralized.

Beyond the Northeast Corridor the actual train operations are conducted by our contract railroads, functioning in effect as subcontractors. Amtrak's direct managerial and performance activities on these trains involve on-board services, station services, and equipment maintenance--heavy and routine--including train cleaning and trip preparation. Of these, the task requiring the closest day-to-day and intense supervision are the maintenance and train preparation activities. For the past several years we have been acquiring and staffing most of our own maintenance bases, and it is in these locations that we have placed our district offices. They are right where the major shops are and in cities where the trains originate. These locations are also where we have our heaviest concentration of Amtrak personnel, or where we have major supervisory responsibilities over railroads doing such work under contract.

Thus, although we send trains in all directions and for long distances, the actual managerial arrangements are more geographically centralized than they may appear from looking at a map.

The location of our seven district offices is illustrative:

1) Miami, with a major facility at Hialeah, staffed primarily by Seaboard Coast Line personnel, but requiring close supervision and inspection monitoring.

2) Rensselaer (Albany), New York, the site of our newest maintenance facility handling our Rohr Turboliner fleet as well as doing other engine and car work.



Question #8 (Continued)

3) Chicago, our busiest train operation center, with a number of years and facilities now staffed entirely by Amtrak (with the exception of the Milwaukee Road's Western Avenue facility).

4) New Orleans, where the maintenance base is now all-Amtrak.

5) St. Louis, a hub of train operations, and also serving through trains.

6) Seattle, which originates and terminates 12 trains daily, with maintenance performed by 225 Burlington Northern employees, which we supervise.

7) Los Angeles, with two major facilities: the 8th Street car yard and the Redondo Junction facility.

Within the last year we closed several district offices; these were the ones that were not well located in relation to major workload centers, resulting in the tighter managerial pattern listed above.

In addition to the district offices, we have other supervisory personnel at key locations throughout the system as well as supervisors whose responsibilities require extensive train riding to ensure service levels.

With this approach, coupled with modern data, Telex, radio-telephone and wide-area voice phone circuits, we have not found geography to pose a particular problem in effectively serving the needs at the more remote, but smaller, maintenance and operations centers.

Marketing

Under the limited budget that is available for sales personnel, Amtrak's Marketing Department has 73 field sales representatives to cover the United States. Within the budgetary constraints, we must assign personnel according to the size of potential markets, taking into consideration such aspects as available service, population, and traffic patterns, if we are to meet our sales goals. Contact is maintained with the areas through the development of regular call patterns by the assigned sales representatives and close communications with associate contacts such as station agents, travel agents, city and civic centers, and other various accounts.

Question #9:

Does Amtrak seek input from the States with respect to decisions affecting the quality, frequency, and scheduling of rail passenger service within State boundaries as part of a national system of rail passenger service?

Answer:

Yes. Amtrak has recently strengthened its department of state and local services to better accommodate those states with active rail passenger programs beyond the Northeast Corridor. In the corridor organization we have a subsidiary state and local liaison operation dealing directly with the corridor states. This office works cooperatively with the National state and local services department.

The corridor liaison team has routine, frequent discussions and periodic meetings with State agencies to discuss all aspects of rail passenger service in the region. These meetings take place both at the corridor group's offices in Philadelphia and at the various State Department of Transportation Offices. During the recent budgetary crisis, however, when it was necessary because of short time deadlines to make certain discretionary cutbacks in service, these decisions were made by Amtrak management and then transmitted to the States for their information and concurrence.

On the national level, meetings tend to be more on an ad hoc basis than on a regular basis, as the number of states is large and the possible places to meet are many and geographically dispersed. Considerable contact is maintained, of course, by mail and by phone. We do solicit the views of the states on any substantial scheduling proposals and especially on new stops or new state-assisted services. Local governments are also contacted regarding station sites and possible funding support for new or upgraded facilities.

Close cooperation is of course mandatory with those states assisting financially in the operation of trains under Section 403(b) of the Act. However, we also seek state concurrence or at least an understanding of changes that are proposed or implemented. More can be done in this area, but we believe we have made considerable improvement, which most states will verify, and we intend to do still more.

Question #10:

What contact has Amtrak had with the State of West Virginia in this respect? Does Amtrak hold regular meetings to discuss State problems?

Answer:

Amtrak is in regular contact with the West Virginia Railroad Maintenance Authority in Charleston, West Virginia. Proposed fares, schedule revisions, station stop and facilities requirements are reviewed with this group prior to implementation. Monitoring of ridership is a joint effort with emphasis on promoting special trips to Cincinnati for ballgames and other Riverfront Coliseum events. When flyers are printed for promotional purposes, the authority helps Amtrak in distributing the material to state agencies and key industrial travel centers. An example of this activity is the current distribution of the reduced-fare sleeper flyer for the Cardinal. It is hoped that the authority's effort will attract a substantial business market for sleeper travel from Charleston and Huntington, West Virginia to Washington, D. C.

In addition, Amtrak and the authority have been active in identifying possible intermodal exchanges between Amtrak trains and local bus authorities. A local transfer to/from PANTRAN buses was established in the summer of 1977 for the Jefferson County area to the Shenandoah and Blue Ridge trains.

Question #11:

Have specific goals been established for the Shenandoah? If so, describe.

Answer:

Yes. In Tables 42 and 43 through 47 of the current Five Year Plan, copies of which are attached as part of the answer to question #3, the figures given for Amtrak's Washington-Cincinnati trains are specifically for the Shenandoah service. The revenue goal for FY 1978 is \$651,000. Similarly, the revenue goals for FY 1979 through FY 1982 are \$684,000; \$718,000; \$754,000, and \$791,000, respectively.

The on-time performance goal for the Shenandoah trains is 90 percent. This has been extremely difficult to achieve, especially due to the number of freight derailments on the Shenandoah's B&O line. Attachment C shows track blockages from various causes on this line for the period from October 1 through December 18, 1977.

AMTRAK  
NATIONAL OPERATIONS DEPARTMENTBlockages For  
Trains 32 and 33  
October 1 - December 18, 1977

<u>TRAIN (Data)</u>	<u>CAUSE OF BLOCKAGE</u>
October	No blockage during this month
<u>November</u>	
32(1)	Freight derailment, Coles, Ohio; held for track
33(15)	Unit 720 derailed - terminated at Duckworth
33(16)	Unit 703 b/o at Duckworth added B&O unit 7158 Duckworth to Chillicothe. Unit 7158 off and Unit 6492 on at Chillicothe to Cincinnati.
32(16)	Annulled - no equipment available
32(27)	Rail separation, 13" delay at Ohio River Bridge
32(28)	Freight derailment - train terminated at Grafton
33(28)	Freight derailment - train terminated at Parkersburg
32(29)	Freight derailment - train terminated at Grafton
33(29)	Freight derailment - train terminated at Parkersburg
32(30)	Freight derailment - train terminated at Grafton
33(30)	Freight derailment - train terminated at Parkersburg
<u>December</u>	
33(6)	Bridge out - terminated at Hamden, Ohio - equipment sent to CHL

AMTRAK  
NATIONAL OPERATIONS DEPARTMENT

<u>TRAIN (Date)</u>	<u>CAUSE OF BLOCKAGE</u>
<u>December (cont'd)</u>	
32(7)	Bridge out - originated at CHL
33(7)	Deraild lead unit et Belpre, Ohio
32(8)	Unit 715 b/o account derailment of 33(7). Passengers bused Cincinnati-Parkersburg then 32(8) derailed Smithburg, W. Va.
33(14)	Freight derailment - terminated at Walker, W.Ve.
32(15)	Freight derailment - originated at Parkersburg
33(15)	Freight derailment - train annulled betwaen Tarre Alte and Grafton
32(17)	Freight derailment - terminated at Parkersburg
33(17)	Freight derailment - terminated et Grafton
32(18)	Freight derailment - terminated et Parkersburg
33(18)	Freight derailment - terminated et Grafton

Question #12:

What does Amtrak's management perceive as its responsibilities, as to initiation and on a continuing basis, with respect to experimental trains?

Answer:

Under present law, the Criteria and Procedures for Making Route and Service Decisions apply to all trains and routes except those initiated by the Department of Transportation before the Criteria and Procedures went into effect.

The Amtrak Board may initiate service as an "experiment" if funds and equipment are available. In such cases, the Board's decision process will involve the application of the Criteria and Procedures.

Specific potential service additions are cited in Table 8, page 13, of the Five Year Plan. A copy is attached (Attachment D).

Once an experimental route goes into operation, our operations goals are the same as for any other Amtrak service: To run an efficient, safe operation in an economical manner, on schedules worked out in conjunction with our Marketing Department and local input so as to best meet and develop the potential market demand in the area served, including connecting revenue.

Table 8: Analysis of proposed new routes, route expansion, and frequency-increased routes

	Market population (000)	Additional passengers (000)	Additional passenger miles (000)	Additional revenue (000)	Incremental revenue per incremental train mile
NY-Cape Cod (summer operation)	12,172	15 (3 months)	2,738	\$ 224	\$ 8.77
Boston-New Haven (trains via Springfield)	6,975	268	42,088	2,791	10.48
Pittsburgh-Detroit (via Cleveland)	11,013	190	37,370	2,040	9.22
Columbus-Cincinnati	3,535	66	21,985	1,187	13.33
Pittsburgh-Cleveland	5,892	74	20,224	1,092	10.76
Detroit-Cincinnati	7,637	94	13,702	740	3.59
Cleveland-Cincinnati	5,762	95	14,940	813	4.28
Chicago-Dallas/Pt. Worth	12,667	442	130,625	7,054	8.92
Los Angeles-San Francisco/Oakland (second train)	12,203	224	56,331	3,030	9.00
Port Worth-Shreveport- New Orleans	4,438	164	54,331	2,988	7.50
Grand Forks-Winnipeg (linka Winnipeg with Chicago, Milwaukee, and Minneapolis)	8,248	107	57,427	3,095	27.18



Table 8: Analysis of proposed new routes  
route expansion, and frequency-increased routes (continued)

	Market population (000)	Additional passenger (000)	Additional passenger miles (000)	Additional revenue (000)	Incremental revenue per incremental train mile
Kansas City-Denver (extend NYC-KC)	3,270	178	199,960	\$ 9,798	\$18.26
New Orleans-Los Angeles (daily train)	15,823	220	120,038	7,468	8.84
Chicago-St. Louis(Add Chicago- 9,783 St.Louis; drop Springfield-St. Louis)		119	22,187	1,198	8.87
Seattle-Portland-Eugene (extend one train)	3,293	147	20,947	970	4.29
Chicago-Minneapolis (add one train)	11,079	351	49,106	2,652	8.63
Los Angeles-San Diego (add one train)	9,810	145	13,014	756	8.09
Atlanta-New Orleans (via Montgomery and Mobile)	3,150	97	130,453	7,145	19.08
Washington-Pittsburgh (two trains rerouted via Cumberland)	5,576	298	62,651	3,581	8.23
NYC-Pittsburgh(add one train)	20,000	119	28,751	1,833	7.49
Buffalo-Chicago via Cleveland (add one train)	11,629	167	38,295	2,068	5.42
Pittsburgh-Chicago (add one train)	10,838	147	121,496	5,443	15.90
Chicago-Detroit (add one train)	11,758	133	20,781	1,178	5.78
Chicago-Jackson (extend Carbonale train)	8,171	168	116,004	5,313	9.84

Question 13(a):

Describe in detail Amtrak's "experiments" to date with the Shenandoah and any predecessor experimental trains serving all or part of its route, including, but not limited to, promotional efforts, schedule and frequency changes, fare adjustments, provision of food service, attempts to add mail revenues, changes in equipment (including sleeping accommodations), and establishment of connections with other trains serving and extension of service to major population centers.

Answer:

The portion of this route between Washington and Parkersburg was one of the earliest of the Amtrak experimental services. The route was started with conventional equipment, including some of our earliest refurbished cars, which were above average in appearance and also in mechanical reliability, although there were mechanical problems similar to those that have continually plagued all our older equipment acquired from the railroads. A "daylight" schedule was used. Ridership proved very disappointing, especially west of Cumberland.

Through late winter and spring of 1972 one of the United Aircraft TurboTrains was operated experimentally on this route. Although this equipment did not operate well (the route is one of the most difficult in the United States in terms of curves and grades), it had considerable public appeal and its use resulted in widespread free publicity for the service. The result was a roughly doubled ridership, typically from an average of five passengers per train at the Parkersburg end to about ten per train. It was concluded that the route needed a stronger end-point at the western end than Parkersburg, but at the time the Ohio River railroad bridge there was out of service. The TurboTrain was removed from exhibition at Transpo '72, held in June of that year at Dulles Airport, and the train was changed back to conventional equipment. The TurboTrain had proved unsuitably unreliable for the service as well as too expensive to operate. None of these trains are now in Amtrak revenue service.

Budgetary considerations then resulted in cutting back the route to Cumberland, and service continued until October 1976, when the new Shenandoah service through Parkersburg to Cincinnati was inaugurated, using our latest Amfleet equipment.

An alternative to the daylight schedule pattern had long been under consideration. Effective January 8 of this year, because of low ridership, the schedule was changed to an overnight service with connections at Cincinnati to and from the Cardinal (formerly the James Whitcomb Riley), which operates through to

Question #13(a) (continued)

Chicago. The overnight schedule provides morning inbound and evening outbound schedules to and from the major markets at each end of the Shenandoah's route--Washington and Cincinnati. Sleeping cars that can operate with the Amfleet equipment are not available for this service, but the great preponderance of the ridership and revenues comes from coach passengers, even on overnight runs.

However, we are now developing a new concept to provide a limited sleeping service within the standard Amfleet coach. Being developed on a modular basis is a room containing two beds that can be installed in the Amfleet coaches, replacing several seats, which can be easily removed from the seat track rails built into these cars. Our first trial implementation of these sleeping modules will be on the Shenandoah trains. We will build two prototypes, which will allow one to be installed on each of the two trainsets required to operate the Shenandoah service. They will provide a limited sleeping capacity that can be offered on an experimental basis. This capacity is similar to that offered by the B&O back in the 1960s, when a "combination car" containing a lounge, a buffet and limited bedroom space was used in the consists of the trains running then. At that time, this space was sufficient to accommodate the general volume of first-class business these trains attracted. If our modular experiment is successful, it can of course be expanded.

Early ridership data indicate that the new schedule is considerably more attractive than the former daylight schedule.

Mail revenues have been sought, but the area in which the Shenandoah operates is served by truck routes on postally dedicated schedules designed to meet the Postal Service's needs. Our present schedules could be used for mail service at some of the intermediate points, but the volume will not support the use of a full baggage car on these trains. We are developing a "quick release" mail container for attachment to the Amcoach seat tracks built into the floor of each coach. Such containers could replace one or several seats in a coach and enable us to pick up some small-volume but significant mail revenue to or from intermediate points. Prototypes of these new containers are to be tested between New York City and Washington in mid-February. If they are successful in meeting the Postal Service's criteria, they would be ideal for providing a mail service to points along the Shenandoah route now served by truck.

Question #13 (a) (continued)

The introduction of the new Shenandoah service through to Cincinnati in October 1976 was accompanied by substantial local radio, television and newspaper advertising. Radio was used in the Grafton area market with a campaign of 15 announcements per week for five weeks. Two television stations were used at Clarksburg to produce a combined coverage of 100 gross rating points per week for five weeks. There were a total of 11 newspaper insertions, which appeared in Clarksburg, Parkersburg, Grafton, Keyser and Martinsburg. The combined advertising reached an estimated 85 percent of the population within the area in a four-week period.

Amtrak's national advertising also reached the Shenandoah's markets. This included our 1976 network television coverage, "hub and feeder" market coverage, USA Rail promotion, and national magazine advertising.

The 1977 hub and feeder advertising provided general train advertising for the Shenandoah throughout the year. In September 1977 we promoted the round-trip excursion fare on the Shenandoah route via flyers and newspaper advertising. A sample is attached (Attachment E).

There have been fare changes on an experimental or promotions basis as well. The following is a brief chronology of these changes in the past 16 months:

October 31, 1976--Established fares for new stations Cumberland to Cincinnati at 7.5¢ under 250 miles, and 7.0¢ over 251 miles. Seat charges established at 10¢/mi minus one-way coach fare. Roundtrip fares within 90 days (RW90) were established at 150% of one-way.

September 15, 1977--Established 2-day roundtrip coach excursion fares at \$2.00 more than one way between Washington and Rowlesburg city pair. Good through November 15, 1977.

October 30, 1977--Increased most rail and accommodations changes 2.5%. Washington-Cincinnati city pair increased 5%. No increase in 2-day roundtrip coach excursion fares.

RW90 recalculated at 150% of new one-way fare. Roundtrip excursion fares recalculated Washington/Silver Spring to Martinsburg at 125%. Roundtrip excursion fares recalculated Washington/Silver Spring to Harpers Ferry at 140%.

Question #13 (a): (continued)

January 31, 1978--Established 32-day roundtrip coach excursion fares (RW32). Fares established between Keyser, Oakland, Rowlesburg, Grafton, Clarksburg and Parkersburg to all points. Tickets good for sale through May 25, 1978, and honored for travel through June 26, 1978. Travel restricted February 17-20 and March 18-26. Not good between intermediate points. Fares calculated at 133% of one-way fares.

February 24-26, 1978--Established roundtrip coach excursion fares between Chillicothe, Athens, Parkersburg and Cincinnati to promote use of trains on new schedule and longhorn Rodeo at the Riverfront Coliseum. Roundtrip fare is the regular one way fare plus \$1.00.

April 1, 1978, to December 10, 1978--Established roundtrip coach excursion two-day fares between Parkersburg and Cincinnati to promote using train for games and other Riverfront Coliseum events spring through fall. Roundtrip fare is the regular one-way fare plus \$2.00.

Question #13(b):

What difficulties has Amtrak encountered in implementing any such "experiments"?

Answer:

In general, the difficulties encountered in operating experimental services are similar to those encountered on all Amtrak routes. They stem from a shortage of good equipment and from the generally run-down condition of our nation's physical railroad plant. Principally this adversely affects on-time performance (schedule reliability) or can result in schedules that are too slow to be competitive. In general, however, the inauguration of service on a new Amtrak route has meant a systematic upgrading of station facilities using capital funds specifically earmarked for the new service. And, where possible, we have tried to use new equipment, as in the case of the Shenandoah and the Pioneer, although this has meant the lack of sleeping-car service.

Budgetary problems have also sometimes played a role in effectively delaying the start of a designated new service. At present no new experimental services are approaching the implementation phase because there is not sufficient capital or operating funds to support expansion. Even state-assisted route initiatives are constrained.

Budgetary concerns can also force difficult management decisions on the resources to be devoted to experimental operations versus established routes. On the one hand, experiments by their very nature are deserving of special emphasis. On the other hand, diverting the best equipment or promotional funds from a strong route to a weaker one can result in a serious loss in total revenue. A reasonable balance must always be sought. With more, we could do more. The management thrust, however, on any route, is to make every effort within the resources available to improve ridership, revenues and performance.

Question #13(c):

To what extent has Amtrak worked with the State of West Virginia to implement any such "experiments"?

Answer:

After the West Virginia Railroad Maintenance Authority was established in 1975, Amtrak instituted a program with the State to provide reduced-fare tickets for needed transportation services under the Transportation Remuneration Incentive Program (TRIP) to eligible citizens of West Virginia. Amtrak closely coordinates with the office of Mr. Killoran on any changes in, or experimentation with, schedules, frequencies, consists, fares, additional or special stops, and establishment of connections with trains serving major metropolitan centers (such as the two-way connections established between the Shenandoah and the Cardinal at Cincinnati).

Question #13(d):

What further "experiments" are contemplated at this time?

Answer:

All proposals for new or extended routes are in abeyance pending the outcome of the Department of Transportation's "zero-based" route study, and also because of the shortfall in operating funds for the balance of fiscal year 1978. Currently, problems involved in rerouting the Floridian service (Chicago-Florida) through Atlanta are being investigated, but this would amount to a restructuring of a basic-system route rather than an "experimental" route. To a major extent, of course, all our services are "experimental".

Amtrak's Five Year Plan outlined primarily a system with little growth in recognition of funding constraints and present transportation priorities. Progressive management required, however that we extend our analysis of existing routes to determine whether any additions would further enhance the marketability and performance of the system. While the possibilities of route extensions and combinations are apparently limitless--judging from our mail from the public--Amtrak's Five Year plan outlined the marketing potential for 24 additional routes or services. These route or service additions are largely impossible to implement at the present due to operating fund, capital fund, and equipment limitations. From the experience in preparing the Plan, and from a committee within Amtrak, further examination of the potential of "emerging corridors" was done, evidenced by the Final Report of the Track Policy Task Force as approved by the Amtrak Board of Directors on October 26, 1977.

Fare adjustment and promotion development continues for all routes, including the routes through West Virginia. And, as noted, we hope to be able to experiment with the small containerized mail program on the Shenandoah route. Requests for new stops are being continually evaluated as well, but constraints on the amount of capital we have for platforms, shelters and lights mean that we will not be able to put in as many new stops as we had earlier hoped.



Question #14:

What is the status of Charleston and Huntington stations with respect to improvements and funds allocated therefore?

Answer:

Amtrak has developed plans for the rehabilitation of the station at Charleston, West Virginia, and in June 1977 Amtrak requested cost estimates for this work from the C&O. To date, although we have repeated our request several times, the C&O has not responded. Based on our own internal estimates, \$191,400 in capital funding has been approved for this work, which cannot proceed until the C&O agrees.

The waiting room, ticket office and both restrooms in the station at Huntington, West Virginia, are to be painted. Amtrak issued an authorization notice permitting the expenditure of \$2,600 for this work in May 1977. We have now been advised by the Chessie System that due to the coal strike a number of personnel have been laid off, including those individuals who would normally perform such work. Once the coal strike is ended and the furloughed employees are recalled this project is to be implemented.

Question #15:

What promotional efforts has Amtrak undertaken with respect to the Cardinal's schedule, sleeping car service and Amfleet equipment? What further efforts, including equipment changes, to promote ridership and improve service are contemplated?

Answer:

Concurrently with the rescheduling and the change in name from the James Whitcomb Riley to the Cardinal in October 1977, intermediate market newspaper advertising was employed. These advertisements stressed fares as well as schedules. Starting in mid-January an eight-week radio campaign was launched in the key Washington market. The Cardinal script is one of four being used in this campaign. The radio spots are to run through mid-March.

Amtrak's Sales Department has an ongoing, dedicated promotional drive to increase ridership on the Cardinal. This includes telephone contacts with travel agents and other accounts seeking additional sales; distribution of sales promotional pieces; a program for our Central Reservations Offices to inform customers phoning in about the restoration of sleeper service and attempting to upgrade coach sales to sleeper sales; group travel solicitation; military and other government travel solicitation, and excursion fare promotions. A sample of the sleeping-car promotion piece is attached (Attachement F).

These trains are now operating with the best equipment Amtrak has, and the use of better equipment will have to await the funding and procurement of new long-distance, low-level cars. It should be noted that our first experiment in operating re-equipped sleepers, converted from steam to head-end electric-power operation compatible with the Amfleet, was on the Washington-Boston Night Owl overnight service. Once the concept was proven sound, the Cardinal service became the first to receive the next set of modified sleepers.

**SAVE 25%  
ON ROUND-TRIP  
SLEEPING COSTS**

# Get a Good Night's Nest On the Cardinal, At a Price That Won't Ruffle Your Feathers

Amtrak invites you to take advantage of our sleeping accommodation discount on the Cardinal. Between January 31 and April 30, 1978, passengers can save 25% off on the regular round-trip sleeping car travel costs.\* This discount is good for travel between Cincinnati, OH, Maysville, KY, South Portsmouth, KY, Tri-State Station (Catlettsburg) KY, Huntington, WV, and Washington, D.C.

You're sure to enjoy the comforts of home when you travel in the Cardinal's newly refurbished sleeping cars. Individual passengers can relax in the comfort of a roomette . . . a sitting room by day and a sleeping room at night.

Passenger's seeking a more spacious accommodation can travel in a bedroom that provides comfortable seating for two during daylight, and two sleeping berths at night. Both bedrooms and roomettes provide private toilet and washing facilities.

Plan now to travel the route of the Cardinal in your own private nest.

Call Amtrak's toll-free number listed in the Yellow Pages or your Travel Agent now!

\*Children 2-11 pay one-half the adult fare.  
Return must be made within 3 days. Not valid for travel between March 18 and March 26.

**Amtrak**



# See What You'll Save When You Take Advantage of the Cardinal's Sleeper Discount.\*

Between	Discounted Round-trip Sleeping Car Costs	Regular Round-trip Sleeping Car Costs	You Save
Washington, D.C. and			
Charleston, WV	\$ 75.00	\$ 100.00	\$25.00
Huntington, WV	83.50	111.00	27.50
Tri-State Station			
(Catlettsburg, KY	85.00	113.00	28.00
South Portsmouth, KY)	88.50	118.00	29.50
Maysville, KY	96.00	128.00	32.00
Cincinnati, OH	103.50	138.00	34.50

\* fares quoted are based on single person traveling in a roomette.  
Discount rates for bedroom travel available as well.

## Schedule

9:35p	lv	Washington, D.C.	ar	8:35a
9:52p		Alexandria, VA		8:05a
6:22a		Charleston, WV		11:31p
7:21a	ar	Huntington, WV	lv	10:32p
7:31a	lv	Huntington, WV	ar	10:22p
7:51a		Tri-State Station at Catlettsburg, KY		10:02p
8:40a		South Portsmouth, KY		9:10p
9:32a		Maysville, KY		8:15p
11:01a	ar	Cincinnati, OH	lv	6:52p



Question #16:

Describe Amtrak's effort to obtain track improvements permitting access to Indianapolis and difficulties encountered in this respect.

Answer:

Amtrak has sought through a very difficult and lengthy process of litigation to require Penn Central to perform track improvements to permit access once again to Indianapolis for both the Cardinal and the Floridian services. Despite Amtrak's aggressive pursuit of its rights to restoration of access to Indianapolis, Penn Central has to date avoided performance of the necessary track work. The procedural complexities in which this matter has been embroiled since February 1976 are outlined below. Presently Amtrak is faced with the prospect of litigation against both Penn Central and now Conrail in two separate courts, with the performance of track work to restore access to Indianapolis being further delayed by Penn Central's and Conrail's refusal to honor their obligations to Amtrak.

In February 1976 Amtrak obtained a final ruling from the National Arbitration Panel stating that Penn Central had failed to maintain certain of its rail lines, including the north-south lines through Indianapolis to Louisville and Cincinnati, at the same level of utility as existed on May 1, 1971, as required under the Penn Central Agreement with Amtrak. The Arbitration Panel ordered Penn Central to restore the level of utility of the track. In March 1976, this arbitration decision was confirmed by the United States District Court for the Southern District of Indiana (the Indiana Court). This confirmed decision was then taken to the United States District Court for the Eastern District of Pennsylvania (the Reorganization Court) for enforcement. Penn Central claimed that its obligation to restore the track under this confirmed decision was excused by the Regional Rail Reorganization Act of 1973 (the Rail Act) and by conveyance of the lines in question to Conrail on April 1, 1976. Amtrak then sought and obtained an indefinite stay of proceedings in the Reorganization Court during which it returned to the Indiana Court and sought and received a declaratory judgment stating that Penn Central was barred from raising the Rail Act in defense against the confirmed decision, and that this declaratory judgment would be binding on all other courts.

Question #16: (continued)

Amtrak again returned to the Reorganization Court with the declaratory judgment and again sought an enforcement order for the confirmed arbitration decision. The Reorganization Court declined to recognize the effect of the declaratory judgment from the Indiana Court and denied Amtrak's request for an enforcement order. Amtrak appealed this denial to the United States Court of Appeals for the Third Circuit.

In the meantime, the Penn Central had appealed the declaratory judgment of the Indiana Court to the United States Court of Appeals for the Seventh Circuit. The Seventh Circuit ordered the Indiana Court's declaratory judgment vacated.

In July 1977, the Third Circuit Court ordered Conrail to be joined as a defendant to the action and remanded the matter to the Reorganization Court for further hearings as to the effect of the Rail Act on the arbitration decision. The Third Circuit ruled that Conrail, as present owner of the rail lines involved, is an indispensable party in order for the Reorganization Court to rule upon the obligation represented by the arbitration decision.

In 1975, in anticipation of the transfer of Penn Central rail lines to Conrail pursuant to designations under the Rail Act, Amtrak had entered into discussions with the United States Railway Association (USRA) involving the lines of railroad between Dayton-Richmond-Indianapolis and Dayton-Cincinnati-Indianapolis. As a result of these discussions, it was decided that in return for Amtrak not objecting to the non-designation to Conrail of some 22 miles of track between Richmond, Indiana, and Indianapolis, Indiana, USRA would designate the line of railroad between Cincinnati and Indianapolis to Conrail and earmark it as a priority rehabilitation project for Conrail. This decision is outlined in the Final System Plan in Volume 1 on pages 43 and 44. However, upon insistence by Amtrak that Conrail now rehabilitate the Cincinnati-to-Indianapolis segment, Conrail has taken the position that the Final System Plan is only a recommendation and is not, in fact, binding upon it. Conrail has indicated moreover that rehabilitation of its Cincinnati-Indianapolis line is of relatively low priority.

Faced with the Third Circuit's order that Conrail be joined in the proceeding before the Reorganization Court, Conrail, in November 1977, petitioned the Special Court (established under the Rail Act) to stay such proceeding as to Conrail. Amtrak

Question #16 (continued)

thereupon petitioned the Special Court to stay the Reorganization Court from deciding the effect upon the arbitration decisions of conveyance of the properties under the Rail Act to Conrail.

In December 1977, the Special Court generally denied both Conrail's and Amtrak's petitions for a stay but did, however, direct the Reorganization Court to stay any order that purports to excuse Penn Central from performance because of the Rail Act or imposes Penn Central's obligation of performance on Conrail.

Assuming that Amtrak is successful in litigating with Penn Central, the obligation established is subject to further uncertainty and delay depending upon the financial capacity of the estate. Further, if Conrail is held to have the obligation to restore the track, performance may similarly be delayed because of financial limitation.

Question #17(a):

In a footnote to the Criteria and Procedures for Making Route and Service Decisions it is stated that the "Board would not necessarily use these criteria and procedures for making routine service changes (e.g., frequency changes) which would retain some service over a route".

Is there a point at which reductions ever cease to be "routine service changes"? If so, describe.

Answer:

The question is quite complex, but the short answer would be "yes". Most reasonable persons would agree that suddenly reducing a route from daily frequency to one trip a month or one a week would violate the spirit of the criteria and procedures issued pursuant to the Act. It is very doubtful that the Amtrak Board would consider such a reduction without employing the procedures in full or would acquiesce in such a decision made by management.

The precedents for Amtrak service frequencies were first set during the route selection process in 1971 when Amtrak was being formed. Some routes were assigned tri-weekly frequencies; some one train a day each way, and some routes were given multiple daily services over all or part of a route. Some routes that were started on a tri-weekly basis were subsequently improved to daily service. In some cases this was done on a seasonal basis, with the route reverting to a tri-weekly pattern in the off-season.

From Amtrak's beginning, frequencies on multi-train routes have been subject to adjustment. Some trains run only on weekdays, some on Saturdays, Sundays or holidays, and, in some cases--like the Blue Ridge service--one schedule pattern is employed on weekdays, when traffic is into the Washington area in the morning and out again in the morning, and a different schedule pattern is used on weekends, when travel is mainly from the central metropolitan area out to points like Harpers Ferry and back. These schedule refinements have evolved as we have gained better understanding of the different markets we serve. Also, closer liaison with state and local transportation agencies has had the effect of encouraging and facilitating schedule and frequency changes and experimentation.



Question 17(a) (continued)

These are benefits of the managerial freedom to adjust services that Congress contemplated when it removed ICC jurisdiction over Amtrak's schedules and frequencies.

This said, it must be noted that the frequency reductions that were set in motion by management last fall were driven both as to timing and scope by budgetary considerations. As such, they should not be regarded as typical. Amtrak protested the shortfall in appropriations that made the process necessary but felt that under the law and congressional directives as they stood at that time there was no other option. Accordingly, management undertook to find as much deficit reduction as possible by reducing service frequencies while the Board geared up for the much lengthier process of restructuring or eliminating service over whole routes or parts of routes under the full criteria and procedures process.

It should also be stressed that all frequency changes that did not have a previous precedent were brought by management before the Amtrak Board for full consideration and vote of approval. There was extended discussion of these changes. In this sense, inasmuch as the Board is the final decisional authority under the criteria and procedures, and has cognizance of the details of the criteria process, and also because each of the routes that were to be affected had been officially before the Board through Task III of the procedures, these proposed changes were not considered entirely without the benefit of the Congressionally approved mechanisms for reducing service. In fact, these procedures were followed to the extent that time permitted, and the spirit of the criteria was followed and applied by the Board during its consideration of these management proposals.

At the time we stressed--and we stress again--that the criteria and procedures were not designed and approved by Congress to be used as an emergency budget-cutting tool. They were designed to be used for rationalizing and improving the national route structure so as to provide more transportation per dollar of passenger ticket revenue and per dollar of federal support. It may be hoped that this problem, and therefore the theoretical problem posed in Question 17, need not be confronted again.

Question 17(a) (continued)

Nevertheless, we wish to also stress that the frequency reductions proposed last fall were not chosen on an arbitrary or political basis. All routes were ranked both by avoidable deficit per train mile and by deficit per passenger mile, and both are objective measures. The train-mile figures spoke directly to the amounts of money that could be saved by not running a particular train on a particular day, and the passenger-mile figures also provided a measure of intensity of use--that is, the numbers of passengers affected and in proportion to the length of their trips. Both were evaluated, and where the difference in total dollars was marginal, the trains producing the lesser number of passenger-miles were selected for reduction.

It is also important to note that the process proved to be quite self-limiting. A point was quickly reached where further frequency reductions would have actually meant an increase in the subsidy requirement, because of the associated loss in revenues compared to the money that could actually be saved--the true "avoidable" costs--by reducing the frequency.

Question #17(b):

Should objective criteria and procedures, not based solely on economics or necessarily entailing lengthy public participation, be established for frequency changes?

Answer:

For the reasons cited in the answer to Question 17(a) above, we do not believe that enactment by statute or under administrative law of another set of more-limited criteria and procedures dealing with frequency reductions is either necessary or wise.

As of this writing, it does not appear that the conditions that led to last fall's difficulties will be repeated. Subsequent to the announcements of the service cuts last fall the Congress again addressed itself to the issues and the Congressional instructions have been substantially revised. However, if present services are to continue through the end of the present fiscal year additional federal funding must be forthcoming. The Congress will be involved. Meanwhile, the present instructions stand, which state that Amtrak is to maintain approximately the present level of service pending further considerations for funding and pending the outcome of the "zero-based" route study assigned to the Department of Transportation.

Mr. ROONEY. Thank you very much, Mr. Reistrup.

Mr. REISTRUP. Thank you, Mr. Chairman.

Mr. FLORIO [presiding]. Mr. Ross Capon.

# **STATEMENT OF ROSS CAPON, EXECUTIVE DIRECTOR, NATIONAL ASSOCIATION OF RAILROAD PASSENGERS**

Mr. CAPON. I would ask that my committee statement be included in the record.

Mr. FLORIO. Without objection [see p. 261].

Mr. CAPON. The basic thrust of the first part of my testimony I think is supported by most of the witnesses that you have had before you. There has never really been a question as to whether people wanted passenger trains. We think the ridership is there, the demand is there. We think there are some problems at Amtrak that need to be worked out. We think that Amtrak has made some progress. I would be the first to commend the committee and the Congress for your crucial work in making available the passenger service that we do have today.

One of the members of the Appropriations Subcommittee said, "I want to determine whether the cuts were made on the basis of lack of ridership or whether they were made simply on the basis of lack of congressional appropriations." We have included charts which show some ridership counts during a peak period in August and a period in March for the Chicago-Oakland and Chicago-Los Angeles trains, which Amtrak is now considering cutting back to tri-weekly. We think the figures demonstrate a significant demand.

Furthermore, the charts show only those individuals who were able to obtain reservations.

Mr. Madigan has noted that there are a lot of people who are turned away. We think that the numbers of people turned away relate directly to the question that the chairman raised yesterday about Amtrak carrying a small percentage of the total passengers in this country. In short, a lot of people will be both perplexed and dismayed if the next time they call Amtrak they find that service has been cut back even further from its already inadequate levels.

Amtrak with the support of the administration and the Congress should be increasing the numbers of trains operating over established routes, not decreasing them. We believe it is the responsibility of those in Government to see that the public has the kind of decent public transportation it wants and needs.

I would like to mention the issue of buses.

I would like to quote something that an Amtrak sales manager said to me a few years ago. He said, "Hell, I put more passengers on Greyhound than Greyhound does." I think the best thing that could happen to both Amtrak and the bus companies would be more co-operation, more joint printing of timetables, and more willingness of ticket agents on both sides to sell intermodal travel, because we think that both modes will gain passengers from such cooperation.

In terms of the number of requests for travel which were denied, I want to emphasize the footnote that we have in our testimony which says that the figures don't represent the exact number of people turned away, because some individuals may inquire more than once.

We found that, considering the requests for coach seats only, in 1 week, August 8th to 14th, 30,661 requests for travel, 6,565 of them involving the discontinued Champion, were denied for those trains running during this 1 week in August. That is the New York-Florida trains alone.

Talking about Amtrak's relationship with the private railroads, we need to remember that 33 percent of Amtrak's operating budget, or 52 percent of the public funds that Amtrak receives, is paid to the railroads.

We have heard questions raised by various individuals as to whether some railroads are not routinely billing Amtrak for costs not incurred by Amtrak trains and not reflected in Amtrak's contracts with the railroads. It should not be forgotten that antagonism continues to exist between the passenger train industry and certain railroads.

We recommend a GAO study which would shed some light on specifics that I don't believe they have dealt with before.

If there is no supplemental appropriation, it appears that even more service cuts than have already been announced would be implemented. We are concerned that such cuts would be so severe that they may in fact constitute an almost irreversible decision to eliminate the nationwide rail passenger network.

I would like to second your point about a legislative void in the context of the route and services criteria because it is quite clear to us that once a week services, which Mr. Reistrup indicated they are now considering, to consider that outside the route and service criteria is ridiculous.

Once-a-week service for practical purposes is no service.

In the interest of time I will be glad to conclude right now, if you have any questions that you want to ask.

[Mr. Capon's prepared statement and tables follow:]

STATEMENT OF ROSS CAPON, EXECUTIVE DIRECTOR, NATIONAL ASSOCIATION OF  
RAILROAD PASSENGERS

Mr. Chairman, we appreciate this opportunity to comment on the crisis in rail passenger service which faces us. I am Ross Capon, executive director of the National Association of Railroad Passenger, a non-profit, consumer-oriented organization, supported entirely by membership dues and contributions. We receive no financial support from the government, Amtrak, the railroad companies, or the rail labor unions.

Most Amtrak users don't even know that their trains are in danger. At a time when the need for public transportation is becoming more and more apparent, most people find it hard to believe that passenger train service might be drastically reduced.

Public official—whether in the Congress, Amtrak, the Department of Transportation, or the Office of Management and Budget—should not become caught up in a dispute that focusses only upon numbers. Passenger trains run because people want them to run. We believe it is the job of people in Washington to assure that these trains are run properly.

Questions have been raised about many aspects of Amtrak's performance to date. These questions must be answered; where things have gone wrong, they must be corrected. I will address a few of these questions here, but first NARP would like to focus on the heart of the Amtrak issue—the trains themselves, and the people who ride them.

What about these trains? Are they being used? Are the people in the communities served by Amtrak ready to see this service cut back or eliminated?

One of the members of the House Appropriations Subcommittee who was disturbed by the magnitude of the cuts announced by Amtrak on August 31 said:

"I want to determine whether the cuts were made on the basis of lack of ridership or whether they were made simply on the basis of lack of sufficient Congressional appropriations."

To help answer that question, NARP obtained ridership data from Amtrak for the first week of August (the most recent period available). This data gives a good picture of just how many people Amtrak was able to serve during the middle of the summer season just past; and we have also included some March figures to show that these trains are hardly empty during the "off season".

The figures are for two trains that Amtrak is considering reducing to tri-weekly if no supplemental funds are forthcoming—the Chicago—Oakland "San Francisco Zephyr" and the Chicago—Los Angeles "Southwest Limited".

The following charts show the highest numbers of passenger on these trains at one time for each day of the week, the capacities of the trains, and the percentages of spaces that were filled. The charts show that the trains were consistently either filled or almost filled. Given the "no-show" problem, it appears that the trains were sold out on most days.

The charts show only those individuals who were able to obtain reserved space. How many potential passengers were turned away because no space was available? For the "Zephyr", during the August 8-14 period, the number of denied reservation requests for both east and westbound trains totalled: 1,312 coach seats, 357 first-class roomettes, and 566 bedrooms. For the "Southwest Limited", the totals were: 1,590 coach seats, 2,418 roomettes, 1,490 bedrooms, and 327 drawing rooms.<sup>1</sup>

Out of curiosity, we asked about the New York-Florida trains for the same week, August 8-14. We found that, considering requests for coach seats only, 30,661 requests for travel (6,565 of them involving the discontinued "Champion") were denied for those trains running during this one week in August.

A lot of people will be both perplexed and dismayed if the next time they call Amtrak they find that service has been cut back even further from its already inadequate levels. Amtrak, with the Administration and the Congress, should be increasing the number of trains operating over established routes, not decreasing them. We believe it is the responsibility of those in Government to see that the public has the kind of decent public transportation it wants and needs.

#### PASSENGER COUNTS AT PEAK BOARDING POINTS

Departure	Coach				1st class			
	Pas-sengers	Seats	Per-cent	Check point	Pas-sengers	Beds	Per-cent	Check point
<b>Westbound San Francisco Zephyr, Aug. 1-7:</b>								
Monday.....	271	294	92.2	Aurora.....	62	64	96.9	Denver.
Tuesday.....	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Wednesday.....	258	292	88.4	Aurora.....	83	88	94.3	Denver.
Thursday.....	289	290	99.7	Denver.....	55	66	83.33	Denver/Cheyenne.
Friday.....	225	294	76.5	do.....	57	64	89.1	Chicago.
Saturday.....	283	294	96.3	do.....	63	66	95.5	Denver.
Sunday.....	296	302	98.0	Aurora/Denver....	45	66	68.2	Aurora/Denver.
<b>Eastbound San Francisco Zephyr, Aug. 1-7:</b>								
Monday.....	198	184	107.6	Cheyenne.....	52	66	78.8	Aurora.
Tuesday.....	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Wednesday.....	223	240	92.9	Ogden.....	40	66	60.6	Ogden.
Thursday.....	218	294	74.1	Aurora.....	58	66	87.9	Aurora.
Friday.....	235	252	93.3	Denver.....	52	66	78.8	Denver.
Saturday.....	269	294	91.5	Ogden.....	45	66	68.2	Ogden.
Sunday.....	186	296	62.8	Denver.....	39	66	59.1	Denver.
<b>Westbound Southwest Limited, Aug. 1-7:</b>								
Monday.....	337	352	95.7	Dodge City.....	97	100	97.0	Albuquerque.
Tuesday.....	243	352	69.0	do.....	60	66	90.9	Dodge City.
Wednesday.....	364	352	103.4	do.....	57	66	86.4	Kansas City.
Thursday.....	390	352	110.8	Albuquerque.....	65	66	98.5	Albuquerque.
Friday.....	364	352	103.4	Dodge City.....	73	88	83.0	Barstow.
Saturday.....	286	352	81.3	Fort Madison.....	53	66	80.3	Do.
Sunday.....	318	352	90.3	Albuquerque.....	70	88	79.5	Do.

See footnote at end of table.

<sup>1</sup> These figures do not represent the exact numbers of people turned away because, for example, some individuals may have inquired more than once.

## PASSENGER COUNTS AT PEAK BOARDING POINTS—CONTINUED

Departure	Coach				1st class			
	Pas-sangers	Seats	Par-cent	Check point	Pas-sangers	Bads	Par-cent	Check point
Eastbound Southwest Limited, Aug. 1-7:								
Monday.....	282	352	80.1	do.....	60	88	68.2	Dodga City/ Albuquerque.
Tuesday.....	318	280	113.6	Kansas City.....	72	88	81.8	Albuquerque.
Wednesday.....	273	352	77.6	Albuquerque.....	66	78	84.6	Kansas City.
Thursday.....	347	352	98.6	Dodge City.....	76	88	86.4	Albuquerque.
Friday.....	356	352	101.1	do.....	83	88	94.3	Barstow.
Saturday.....	302	352	85.8	Barstow.....	63	66	95.5	Do.
Sunday.....	269	352	76.4	Albuquerque.....	61	66	92.4	Dodga City.
Westbound Southwest Limited, Mar. 14-20:								
Monday.....	104	136	76.5	Albuquerque.....	23	66	34.8	Albuquerque.
Tuesday.....	57	136	41.9	Barstow/Los Angeles.	38	88	43.2	Barstow.
Wednesday.....	148	208	71.2	Barstow.....	31	66	47.0	Do.
Thursday.....	144	136	105.9	Albuquerque.....	43	66	65.2	Do.
Friday.....	187	208	89.9	do.....	62	88	70.5	Albuquerque.
Saturday.....	136	280	48.6	Chicago.....	35	66	53.0	Barstow.
Sunday.....	108	208	51.9	do.....	40	66	60.6	Do.
Eastbound Southwest Limited, Mar. 14, 20:								
Monday.....	121	136	89.0	Barstow.....	44	88	50.0	Do.
Tuesday.....	121	136	89.0	Albuquerque.....	28	66	42.4	Albuquerque/ Barstow.
Wednesday.....	258	280	92.1	do.....	34	66	51.5	Albuquerque.
Thursday.....	196	208	94.2	Los Angeles.....	59	88	67.0	Barstow.
Friday.....	166	208	79.8	do.....	47	88	53.4	Do.
Saturday.....	123	136	90.4	Barstow.....	35	66	53.0	Do.
Sunday.....	94	208	45.2	Chicago.....	21	66	31.8	Albuquerque.
Westbound San Francisco Zephyr, Mar. 14-20:								
Monday.....	113	133	85.0	Reno.....	10	63	15.9	Cheyenne.
Tuesday.....	87	136	64.0	Aurora.....	26	44	59.1	Omaha/Danver.
Wednesday.....	89	141	63.1	Reno.....	31	41	75.6	Cheyenne.
Thursday.....	112	140	80.0	Aurora.....	30	44	68.2	Omaha.
Friday.....	259	331	78.2	Reno.....	29	41	70.7	Cheyenne/Ogden.
Saturday.....	145	192	75.5	Aurora.....	32	41	78.0	Cheyenne.
Sunday.....	143	182	78.6	do.....	25	41	61.0	Ogden.
Eastbound San Francisco Zephyr, Mar. 14-20:								
Monday.....	83	140	59.3	do.....	21	41	51.2	Cheyenne.
Tuesday.....	73	181	40.3	Reno.....	12	41	29.3	Reno.
Wednesday.....	112	146	76.7	Denver.....	18	44	40.9	Denver.
Thursday.....	139	136	102.2	do.....	28	41	68.3	Cheyenne.
Friday.....	189	187	101.1	Reno.....	40	66	60.6	Aurora.
Saturday.....	206	439	46.9	do.....	17	44	38.6	Denver.
Sunday.....	102	190	53.7	Aurora.....	29	41	70.7	Cheyenne.

<sup>1</sup> No data.

*Amtrak's supplemental request.*—Amtrak's request for supplemental funds should not come as a complete surprise. In an April 1976 report to Congress the General Accounting Office estimated that the minimum operating subsidy that Amtrak would need for fiscal year 1978 would be \$554 million. The Congress has already authorized operating grants for fiscal year 1978 totalling \$545 million.

We are fully aware that it is the strong support and work by the Congress which has made possible Amtrak's progress to date, and that it is the Administration which is our main obstacle. Nevertheless, I would urge that people in the Congress not too quickly decide that \$500 million is some kind of absolute ceiling for subsidies for intercity passenger train service. Most people can see that the United States must maintain and develop an efficient and attractive public transport system. Clearly, this nation has the resources, to develop a modern passenger train system, just as it has already done with its interstate highway system.

*Amtrak's relationships with the railroads.*—We need to remember that 33% of Amtrak's budget is paid by Amtrak to the private railroads. Disputes continue in the courts over whether the basis for calculation of the amounts Amtrak pays to the railroads is fair. Meanwhile, questions have been raised by various individuals as to whether some railroads are not routinely billing Amtrak for costs not incurred by Amtrak trains, and not reflected in Amtrak's contracts with the railroads. It should not be forgotten that antagonism continues to exist between the passenger industry and certain railroads.

This raises a question which might be the appropriate target of an investigation by the GAO: just where is the money Amtrak spends going? There should be two general inquiries: first, an evaluation of Amtrak's ability to properly audit the charges billed by the railroads; second, an examination of several individual Amtrak routes and the costs associated with them. The routes should be picked so that some Conrail and some non-Conrail ones will be included, as well as some long-distance and some short-distance ones. We specify Conrail—a corporation over which this Committee has a considerable amount of jurisdiction—because Paul Reistrup has told us that Conrail is now the least cooperative of all the railroads he deals with; also, our observations of some Conrail dispatching practices leads us to wonder if Conrail is according Amtrak equally unfair treatment regarding billing practices. We think the route-cost analysis should include an evaluation of what would happen to the economies of given routes if reasonable increases in frequency of services were implemented.

*Service cuts.*—Amtrak says that if supplemental funds are not provided for FY 1978, several long-distance trains will be reduced to tri-weekly operations, and service frequencies on some short-distance routes will be reduced. We are alarmed at this because of the severe impact such reductions would have on the long-term viability of the passenger train industry. With fewer trains over a particular route, revenues decrease—while fixed costs for the route remain largely unchanged. Fixed costs include not only the cost of manning and maintaining stations, but also the cost of employing people full-time who, with fewer trains, do less and less revenue-producing work.

Sensible economies dictate that Amtrak run more revenue-producing trains over well-established routes, so that the revenue produced can be offset against fixed costs, and the deficit per passenger mile can be reduced. Reducing service will make the surviving trains look less favorable.

Stated bluntly, it would be irresponsible to fund the basic foundation for a nationwide system, and incur all those fixed costs, and then refuse to pay for operation of a meaningful level of service.

If Amtrak is to ever manage to make significant progress in fighting the spiraling impact of inflation, two things are necessary: reduced costs and increased revenues. The first means operating efficiencies, better contracts, and adequate capital investment. As for the second, ridership and revenues increase dramatically as frequencies are increased. This has been recently demonstrated on the Los Angeles-San Diego line. Revenues aren't going to go up if trains are taken away.

*Inland route:* In looking at the cuts which Amtrak has already announced, we find the New Haven-Hartford-Springfield ones particularly disturbing because of the unusually wide discrepancy between market potential and existing ridership.

In testifying on Sept. 21 before Rep. McFall's subcommittee, Charles Swinburne, the FRA's Associate Administrator for Federal Assistance, brushed aside these cuts with little concern, saying that the line "averages only about 25 people per train \* \* \* which is, as we calculate it, the third lowest ridership level in the entire Amtrak system."

On the same day, however, Amtrak President Paul Reistrup made the following claim about the same route: "Our estimate is that is the largest untapped travel market on the Amtrak system that we today serve. We are not tapping the market."

As you may know, the main problem is that passengers on all but one round-trip must change trains in New Haven. This line needs Amfleet through service from New York City and, in fact, about ten years ago this line had almost as many through trains as did the Shore Line serving Providence and Boston. The self-propelled diesel cars and the forced transfer at New Haven are the legacy of Penn Central, which decimated the good New Haven Railroad operation shortly after merger.

So we are disappointed with the Administration's failure to recognize this, and we feel that discontinuances on the Springfield line represent a classic example of giving up before the market has had a "fair test".

*Commuter operation:*<sup>2</sup> The cutbacks announced by Amtrak have generated

<sup>2</sup> "Commuter" as defined here does not include the Metroliners. A commuter train is one patronized primarily by people making one-day round-trips daily or almost every day and using multiple-ride tickets.



a large outcry from daily commuters who ride affected trains, primarily the "200 series" New York-Philadelphia trains and some of the New Haven-Springfield ones.

Cuthacks of the 200 series will result in slower, more crowded service on the through Washington-Boston trains. Cuthacks on the New Haven-Springfield line (ironically, in view of Amtrak's mandate) will not affect commuters but will affect schedules most useful to long-distance travelers.

While Amtrak is paying 100% of the deficits of these commuter operations, Amtrak is not able to operate one commuter train out of Los Angeles, one half of the cost of which would have been paid for by local authorities or the state.

This results from a provision in the Amtrak law which enables a railroad to refuse to operate a train Amtrak has requested if that train is judged in arbitration to be a commuter train. Santa Fe went to arbitration with Amtrak over the operation of a "Sec. 403(b)" Los Angeles-San Diego schedule which would have served commuters, and the railroad won. The fear that Southern Pacific would do likewise has apparently complicated and delayed efforts to increase, with state assistance, the frequency of service between Oakland and Sacramento.

To achieve some degree of equity, we ask the Committee to consider eliminating the clause in the Amtrak law which permitted Santa Fe to arbitrate its way out of the operation of a badly needed service. At the same time, the Committee might consider requiring that any commuter service Amtrak operates fall under Section 403(b), that is, be partially state supported. Such a requirement should be phased in gradually, with respect to currently operated services, so that the affected states and regional transit authorities who would have to pick up the local share will have reasonable advance notice to work out the complex problems the policy would cause.

Such an amendment, then, would accomplish two things: it would permit Amtrak to institute commuter-type operations in areas where both Amtrak and local authorities find them to be appropriate; second, it would decrease Amtrak's annual operating deficit by placing part of the burden of paying for local services now operating upon the local jurisdictions that benefit from those services.

Mr. FLORIO. Thank you very much.

Referring to the GAO study, you did not specify the point you think should be included in such a study.

Mr. CAPON. In my prepared statement I suggested two inquiries.

I think both of them would speak to some of the questions raised by Mr. Madigan. First, an evaluation of Amtrak's ability to properly audit the charges billed by the railroads, and that would be narrowly focused on the relationship between Amtrak and the railroads; and second, an examination of several individual Amtrak routes and costs which Amtrak allocates to them. That has the potential of going into the entire Amtrak organization.

We suggest picking the routes studied so that you have some ConRail and some non-ConRail, some short-distance and some long-distance ones, not taking the whole system but taking certain representative routes. We will be glad to work with the committee if they want some advice as to what we think would be representative.

In the past 2 months, Amtrak has begun to send to the Congress what has been required all along: detailed data allocating costs as well as revenues to the various routes. The study would evaluate that data as a starting point for getting to the heart of where all that money is going.

Mr. FLORIO. You mentioned you would advocate increasing trains over established routes rather than reducing them.

Mr. CAPON. Yes.

Mr. FLORIO. Do you make any distinction between the routes? Obviously, if we had unlimited amounts of money, it would be desirable to

do that, but we don't have an unlimited amount of money. It seems to me a more profitable approach would be to increase trains.

In some instances it is desirable to decrease trains and eliminate routes, particularly in the confines of the fact we are going to have to make some hard decisions as to where to go in terms of spending the money.

The two divisions of Amtrak, the national system as well as the northeast corridor, the testimony in previous hearings has been that for the amount of money that goes into the national system, the revenues coming back are nowhere commensurate with the input.

Likewise, today we heard that though the northeast corridor, the Metroliner system, is the most profitable portion of the whole operation, that maintenance has been deferred or held off and is not in any way commensurate with the maintenance that is going on in the rest of the system.

I think what we are going to have to do is start making more selective determinations as to where our rail transportation dollars can go in a manner that will expedite the movement of people. Do you have any thoughts in regard to that?

Mr. CARON. Yes, I appreciate the opportunity to comment on that. Our organization has for a long time urged that the service be given a fair test before it is discontinued.

Now, regarding routes outside the northeast corridor which might be considered for discontinuance, a lot of the time I have personally been frustrated that a lot of discussion takes place without reference to specific routes, because in the end, if we are serious about discontinuing routes, some specific routes are going to have to get cut.

I would like to discuss the two long-haul routes which are in the most danger now: one is Chicago-Florida service and the other is Chicago-Laredo service. On the Florida-Chicago service, you have heard the testimony that it needs to go through Atlanta.

Mr. FLORIO. Is it probably going through Atlanta?

Mr. CARON. That lies partly with the attitude of the private railroads whose cooperation would be needed.

Mr. FLORIO. Trackage rights over the Southern?

Mr. CARON. It is partly trackage rights over the Southern. It is also trackage rights over the Louisville and Nashville.

There is not a legal problem with use of the Southern Railway because the trackage involved—between Atlanta and Savannah—is part of the Central of Georgia. This is a subsidiary of the Southern but is itself a member of Amtrak. So, if Louisville & Nashville trackage is used north of Atlanta, there is no Southern Railway "proper" trackage involved.

Now the problem is partly with the railroads' attitude and partly with Amtrak's. We are not privy to everything that goes on between Amtrak and the railroads. We have not always been impressed with the degree of vigor with which Amtrak has pursued its own relationships with the railroads.

Mr. Reistrup told the Senate subcommittee he thought perhaps half the deficit of the Floridian could be eliminated if they could reroute it through Atlanta.

Turning to the Inter-American, the Chicago-Laredo train, with all due respect for Mr. Reistrup and what he has been able to do, I find his comment on this train extremely perplexing.

Mr. Pickle spoke to that partly.

I would like to explain why we disagreed with Amtrak's decision to cut that train back to 3 days a week.

There were about five factors which had been negative up until approximately the time when the budget cut hit. First of all, around the end of August, they put AmFleet equipment on there which, although it's not ideal for long-haul trains, has raised ridership on other long-haul routes. For the most part it has reliable air-conditioning and heating. For the first time there was reliable climate control on the trains.

Second was the breakthrough in their relationship with the Missouri-Pacific. We are told the ontime performance improved by the middle of August.

Third, starting at the end of this month they will restore a connection between St. Louis and the east coast, which has not been available for most of this calendar year.

Fourth, effective January 1, they have a new higher speed limit going into effect on the Missouri Pacific.

In the face of all these positive factors, Amtrak, under the day-to-day pressure of the budget cuts, cut that service back.

Some of the other long-haul routes have lower deficits per passenger-mile than even the Northeast corridor. For example, the Sunset Limited between New Orleans and Los Angeles has one of the lowest such deficits in the entire system.

So we think that the economics of the long-haul routes in certain key runs have already been proven to be relatively positive, and on the other runs the reasons why there has not been a fair test is so blatantly obvious that we think there is some justification for continuing the services.

Obviously another 5 years of the same is not going to get us anywhere.

But given the arrival of new equipment, we think there is adequate justification for going the last couple of miles toward that fair test, particularly because the results of the fair tests where they have been provided have been so positive.

Mr. FLORIO. Were you here when Mr. Reistrup described his little thumbrule test for discontinuances?

Mr. CARON. Yes, although I don't recall precisely the point that he made.

Mr. FLORIO. He was talking about the charge for the railroad versus the operating expenses. I had some difficulty. You just raised the point I was thinking about.

I have looked at the New Orleans to Los Angeles run which seems to be very unprofitable, yet that is not being discontinued. Other lines in the long-haul area are being discontinued.

I am not sure I understand. That is the run that I request that he submit in writing how this formula operates for arriving at which lines will be discontinued and which ones will not.

Mr. CAPON. I could comment on the ways in which the figures appear when you look at these charts that are provided to you. It is true that the deficit of one long-haul train may be very large, in the case of the Floridian over \$10 million. But the statistic which I think has been widely accepted as the best measure of the effectiveness of the train is the deficit per revenue passenger mile.

The people who ride the long-haul trains ride long distances. They are paying very high fares. There is more first-class ridership. So when I was saying that the New Orleans-Los Angeles train looked good, I was speaking on a deficit per passenger-mile basis.

I think even on a fully allocated cost basis, it looks relatively good. Have I been responsive to your question?

Mr. FLORIO. Yes. Thank you for your testimony. I appreciate your coming before the committee.

Mr. CAPON. Could I make one final clarification?

Mr. FLORIO. Certainly.

Mr. CAPON. At the end of our testimony we talked about commuter operations. We made a specific legislative proposal. That is that the language in the law which has been used to bar Amtrak from running one commuter train be changed. We think it is extremely unfair that the Santa Fe, through arbitration, was able to bar Amtrak from operating one commuter train, or one train which would have catered largely to commuters, for which the State was willing to pay 100 percent of the cost while at the same time there are a lot of trains which are in fact commuter trains being operated on the east coast for which Amtrak is paying 100 percent of the cost.

We think that there is a problem of equity here that ought to be addressed. The change might be coupled with a requirement that any new commuter services must be funded under section 403(b). In other words, there must be joint State participation. We think the commuter rail issue is a very important one. In fact, the Amtrak law is the only tool right now which a transit authority has to force its way onto the tracks of railroads that do not want to operate commuter service.

We would obviously like to see something addressed under the UMTA law in that regard, but Amtrak appears to be the only arena now, and there is an immediate problem. And also, Amtrak is in the business of operating trains which are borderline cases, as you well know, between commuter and long distance.

So we think that this restriction, which means that a railroad that doesn't want to run a de facto commuter train can go to arbitration and escape that responsibility, is a loophole which ought to be removed from the law.

Mr. FLORIO. We will convey that to the Public Works Committee that has jurisdiction over the UMTA question. Obviously the points you are raising cause some difficulty in the Congress because of the divergence of jurisdiction between the committees.

Mr. CAPON. I want to emphasize that the language I am referring to is in the Amtrak law, itself.

Mr. FLORIO. It is the intention of the committee to call the next wit-

ness, Mr. Anderson, and then to adjourn until 2:30 o'clock, at which time we will call Mr. Lewis and the remainder of the witnesses.

Mr. Anderson.

**STATEMENT OF RICHARD J. ANDERSON, DIRECTOR, NEW JERSEY  
COMMUTER SERVICES DIVISION, NEW JERSEY DEPARTMENT  
OF TRANSPORTATION, ACCOMPANIED BY MARTIN ROBINS, EXEC-  
UTIVE ASSISTANT TO COMMISSIONER PETER E. STANGL**

Mr. ANDERSON. I would like to introduce myself.

I am Richard Anderson, Director of the Division of Commuter Services which is the staff arm of the Department of Transportation which contracts for the provision of rail passenger service in the State of New Jersey.

I am speaking for Assistant Commissioner Stangl this morning. I have with me Mr. Martin Robins, who is Mr. Stangl's executive assistant.

Mr. Chairman and members of this subcommittee, I thank you for the opportunity to appear before you today to discuss a matter of critical importance, the proposed cutbacks of service by Amtrak on October 30, 1977. In light of the imminent disruption to both rail passengers and agencies which support and provide rail passenger service, we must give urgent attention to what is an unacceptable situation.

Amtrak's arbitrary action in announcing service cutbacks indicates a failure to perceive its proper role as a service-providing agency. Any realistic approach to passenger rail needs must be based upon Amtrak's role as a public service agency, serving the needs of the riding public in cooperation with State, local and private agencies which are trying to provide and/or support an adequate level of public transportation service.

The statutory concept of profitmaking rail passenger service is obsolete and must be discarded. The Senate recognized this basic proposition in its support last year for section 7 of the Rail Transportation Improvement Act of 1976. This section would have amended section 301 of the Rail Passenger Service Act to eliminate the "for profit" mandate and substitute the concept of maximizing public benefits for the public costs involved.

Amtrak has announced train frequency reduction in the northeast corridor which will impact heavily on New Jersey rail travelers and the New Jersey Department of Transportation without justification to anyone and without adequate time to respond.

Upon review of Amtrak's belated explanation for its actions, the New Jersey Department of Transportation concluded that Amtrak is justifying its decision to reduce train frequency in the corridor, not because these reductions would represent elimination of its lowest priority services, but because Amtrak believes these are the cuts which the law permits it to effect most expeditiously.

Just 1 year ago, in title 7(f), the Railroad Revitalization and Regulatory Reform Act of 1976, this committee approved a \$1.75 billion

program to upgrade the northeast corridor plant, and now Amtrak proposes to make sizable reductions in train frequency over that line.

Crisis budget-making and statutory loopholes should not be allowed to distort the public need and frustrate expressed national policy in favor of adequate intercity rail passenger service on the Northeast corridor.

Moreover, in establishing the Operations Review Panel in title 7, Congress also sets out as an objective an integrated coordinated rail passenger system on the Northeast corridor.

Amtrak's unilateral train frequency reduction plans frustrate that congressional policy.

Mr. FLORIO. Mr. Anderson, could I ask you a question?

I have been trying for 2 years to have someone tell me if there is a review panel, if in fact it exists, if it is meeting, if it has been called into play by the State or Amtrak?

Mr. ANDERSON. Mr. Robins can answer the question.

Mr. ROBINS. Congressman Florio, there is an Operations Review Panel. All five members have been selected. It has bylaws, procedures. It has never been convened, however, to decide a dispute in approximately a little bit more than 1 year of its life. It perhaps will be called into action.

Mr. FLORIO. Has there been requests for its convening?

Mr. ROBINS. There has not been a matter that has risen to that level.

Mr. FLORIO. Without regard to this as a matter of importance.

Mr. ROBINS. The New Jersey Department of Transportation at this time is seriously considering filing a petition to the Operations Review Panel to question whether or not Amtrak is authorized to make these cuts.

Mr. Anderson will point out in a way that does not allow us sufficient time to respond. Mr. Anderson will address that.

Mr. ANDERSON. There is some consideration, Congressman, that the matter of service cuts is appropriate matter to be brought to the Operations Review Panel. We have that under review in the Department now, which is why, as Mr. Robins has indicated, we have not yet made a decision to carry the matter to the Operations Review Panel.

Mr. ROBINS. I want to briefly state that there is a question as to whether or not the Operations Review Panel's jurisdiction reaches this issue, and that is of considerable concern to the Department.

That legal issue is being controverted right now.

Mr. ANDERSON. Even though a minor attempt was made to consult with the New Jersey Department of Transportation on modification of specific cutbacks, the procedure followed by Amtrak to achieve service economies in the least disruptive manner is woefully inadequate.

Such an attempt was initiated within just a few days prior to scheduled Amtrak printing deadlines and the Amtrak board action.

Furthermore, the views of various interested groups and other agencies along the Northeast corridor, and the riding public, were not sought in any meaningful way prior to announcements of Amtrak's decision.

Mr. FLORIO. Mr. Anderson, is such consultation required anywhere?

Mr. ANDERSON. Not at all, and I think the thrust of my remarks is that it is incumbent upon Congress to see that something is enacted which will require that.

The failure to solicit public views contradicts Amtrak's own emphasis on the importance of public participation in its criteria and procedure for making route and service decisions.

In this regard, Amtrak's unilateral action setting an October 30 deadline failed to take into account the State's inability to respond with an alternative plan for resumption of such service by that date.

At present, ConRail operates 137 daily trains for the New Jersey Department of Transportation in the Northeast corridor between Trenton and New York City under section 304(e) of the Regional Railway Reorganization Act of 1973.

Should the Department elect to replace some of the discontinued Amtrak trains with ConRail trains, we are faced with the difficulty that ConRail feels it is under no obligation to run any additional service, whether the Department elects to pay for it or not.

The creation of a legal obligation for ConRail to assume such service is addressed in H.R. 8629 and section 301(b) of your staff's discussion draft which is currently under consideration by your subcommittee.

ConRail has notified the Department that it will not run any additional service until it has signed a contract with the Department. Negotiations have been going on for many months and appear to be drawing to a satisfactory conclusion.

They will not, however, be completed by October 31. There is no assurance that absent a legal obligation, ConRail will agree to provide those replacement services.

Further, the arbitrary deadline precludes a rational financial analysis of the cost for replacement service or time to deal with the need for additional equipment and crew rescheduling.

Amtrak's proposed cutbacks will result in probable scheduled delays, loss of revenues to the New Jersey Department of Transportation-supported trains, and loss of connections and service for New Jersey residents.

Ten of the changes will cause serious transportation problems for a significant number of New Jersey residents. Of these, five are peak hour trains serving New York City and Philadelphia, which carry significant ridership each and every workday. The full impact of the serious cuts cannot be determined as Amtrak has failed to provide passenger data to the Department for the affected trains.

Consequently, it is essential that procedures be established to foster cooperation among Amtrak, New Jersey DOT, the riding public, and other agencies which support or operate rail passenger service. Such procedures should be aimed at making the operating data, on which decisions to cut back service are based, available to public scrutiny. Only by full discussion among all interested parties can rational decisions regarding service levels be reached.

I wholeheartedly share the administration's desire to improve Amtrak's productivity, tighten operations, and institute better cost control methods, although admittedly such goals are difficult to achieve in a crisis atmosphere. We agree with Secretary Adams that before Congress approves Amtrak's supplemental budget request, firm and specific commitments regarding restoration of service be provided by Amtrak. In New Jersey, we are particularly concerned that Amtrak make full restoration of 200 series, Philadelphia-New York, service.

Amtrak's September 20 submission to the House Committee on Appropriations does not assure such full restoration. But equally important is the need for Congress to act to prevent the possibility of such highhanded disregard of the public interest from occurring in the future.

Even assuming a short-term solution to the current budgetary problem, it is imperative that Amtrak be subject to a higher degree of public accountability with respect to its operations and management than now exists. This is particularly appropriate in light of the fact that 63 percent of Amtrak's budget is derived from public funding. Several approaches are possible, all involving procedures for assuring consultation, hearings, and adequate time before significant alterations in service or fares.

First, Congress could provide, in new and separate legislation, that consultations be held with the general public and agencies which support, provide, and/or operate rail passenger service prior to taking any actions which would result in significant service reductions. These consultations could take the form of public hearings. Alternatively, the jurisdiction of the Operations Review Panel, established pursuant to section 702 of the Railroad Revitalization and Regulatory Reform Act of 1976, could be clarified to explicitly include situations such as the current proposed service reductions by the National Railroad Passenger Corporation.

Third, the criteria and procedures for making route and service decisions promulgated by Amtrak pursuant to 404(c)(1) of the Railroad Passenger Service Act could, by amendment to 404(c)(1), be made explicitly applicable to decisions concerning significant changes in service frequency as well as decisions to add or discontinue routes. The NJDOT will gladly provide assistance in the evaluation of these alternatives.

We hope and trust that, after a careful review of Amtrak's financial situation, the Congress and Administration will act in a positive manner to resolve the current crisis. Otherwise a vital public service, to which modifications should be made only after significant inter-governmental consultation, remains threatened with disruption by the unilateral action of one party.

Thank you. That concludes our formal remarks for the record. We will be glad to answer any questions.

Mr. FIORIO. Thank you very much.

I would just like to be kept informed personally, I assume that the committee would also, with regard to your deliberations on the extent and the scope of the review panel's jurisdiction as well as in-



formation as to the outcome of that in the event that you do decide to invoke the statutory procedures.

Likewise, if you would be inclined to send the committee copies of your requests for information with regard to passenger service from Amtrak, the committee will make the same requests and hopefully the committee will get that information.

Mr. Reistrup did this morning assure the committee that anything we needed by way of information would be provided as rapidly as possible. I will be happy to insure that that information is requested and in turn provided to you since you don't seem to be able to get it.

Mr. ANDERSON. Thank you very much, Congressman.

Mr. FLORIO. Gentlemen, I thank you very much for your attendance.

The committee will stand in recess until 2:30.

[Whereupon, at 12:55 p.m. the subcommittee recessed to reconvene at 2:30 p.m. the same day.]

#### AFTER RECESS

[The subcommittee reconvened at 2:30 p.m., Hon. Fred B. Rooney, chairman, presiding.]

Mr. ROONEY. Our next witness is Mr. Arthur D. Lewis, president of the American Bus Association. Mr. Lewis, as we all know, is a familiar figure before this subcommittee.

I would like to welcome you again today. It has always been a pleasure to hear from you.

Mr. Lewis has had a long and illustrious career in transportation. Most important to this subcommittee, Mr. Lewis was formerly chairman of the U.S. Railway Association. It was from that position that he moved to his present position. At that time it was known as the National Association of Motor Bus Operators, but I understand that one of your first actions was to change the name of this organization.

Also significant at today's hearings is the fact that Mr. Lewis was one of the corporate organizers of Amtrak. Therefore I am sure he should be in a position to give us the benefit of his independent knowledge of the problems facing the corporation.

Mr. Lewis has been very helpful to me as chairman of this committee and I want to take this opportunity to welcome him before this subcommittee today and I am looking forward to hearing his remarks.

#### STATEMENT OF ARTHUR D. LEWIS, PRESIDENT, AMERICAN BUS ASSOCIATION

Mr. LEWIS. It is an honor you give us to permit me to present some thoughts that I have as an incorporator and also that I have as the president of the American Bus Association.

I appreciate very much the opportunity I have been given to testify before you today. The intercity bus industry which I represent has a vital interest in legislation and Government subsidies supporting Amtrak. Amtrak serves the principal intercity routes which con-

stitute the major arteries of traffic throughout the country. They are also the principal intercity corridors for the movement of bus traffic. With the intercity bus industry already suffering from a long-term decline in its regular route traffic, the competition from Amtrak over these arteries is very significant and is contributing to the decline in profitability of the industry.

With that, Mr. Chairman, I would like to reiterate what Mr. Reistrup said this morning in their studies having to do with the Floridian, the hearings they have done, 19 percent of the traffic on the Floridian would have taken the bus if services had not been available by Amtrak.

That shows the degree of potential harm, possible harm, and the competition that exists directly between the two services. In the past it has been the profit from these more heavily traveled routes which has provided the cross subsidies permitting the continuance of unprofitable rural routes of light traffic density. The 5-year operating plan currently developed by Amtrak can have a devastating effect on the privately financed intercity bus industry.

What we have seen in terms of problems in the last 5 years is only a prelude to disaster if this plan is approved as presented by Amtrak.

Mr. Chairman, I think it is a very critical time to focus careful thought on the past and future direction of Amtrak. The National Railroad Passenger Corp., now known as Amtrak, began as a major experiment in public transportation on May 1, 1971. It started operations on that date as a quasi-public corporation with the charge from Congress to develop rail passenger services in this country on a profitable basis. It was granted pricing freedom and flexibility to generate the revenues that would enable it to make a profit—a freedom from regulation which no other public transportation mode enjoys, either freight or passenger—and most importantly, it had the right to discontinue any passenger service on July 1, 1973, which it believed would prevent it from reaching that goal. As a mixed ownership corporation its stock was held jointly by the Federal Government and certain railroads which joined the system.

Since that date, there has been a complete shift in the goals and objectives set for Amtrak and, whether it has private stockholders or not, the philosophy underlying its development has been the operation of rail passenger service without regard to profitability. Not only has the goal of profitability been abandoned, until recently there has been little pressure from any source for Amtrak to operate in a manner which would reduce or limit its operating losses.

From the start of operation through September 30, 1977, Amtrak has suffered operating losses in excess of \$1,864 million—rising from \$153.5 million in its first full year's operation in 1972 to \$515 million in 1977. Capital grants, including guaranteed loans, during this period totaled \$1,165 million. Thus total subsidies to Amtrak have been \$3,029 million for that period of 6 years and 5 months [see table 1].

[The table referred to follows:]

TABLE 1.—AMTRAK'S REVENUES, EXPENSES, DEFICITS, AND PASSENGERS CARRIED, FISCAL YEARS 1971-77 AND PROJECTED BY AMTRAK FOR FISCAL YEARS 1978-82

(Dollar amounts and passengers in millions)

	Operating revenues	Total expenses	Deficits	Passengers carried
1971 (2 mo).....	\$22.6	\$45.3	\$22.7	2.5
1972.....	152.7	306.2	153.5	16.2
1973.....	177.3	319.1	141.8	17.1
1974.....	242.0	439.9	197.9	18.0
1975.....	246.5	559.9	313.4	17.3
1976.....	268.0	674.3	406.3	17.0
Transition quarter.....	79.4	193.1	113.7	4.8
1977.....	306.7	821.7	515.0	19.2
Total, 1971-77.....	1,495.2	3,359.5	1,864.3	112.1
1978.....	352.9	943.4	590.5	20.5
1979.....	403.3	1,072.3	669.0	21.3
1980.....	445.0	1,172.1	727.1	22.1
1981.....	505.7	1,293.9	788.2	24.2
1982.....	578.3	1,432.3	854.0	26.4
Total, 1978-82.....	2,285.2	5,914.0	3,628.8	114.5
Total through 1982.....	3,780.4	9,273.5	5,493.1	226.6
Capital assistance (authorizations):				
1971 through 1977.....			1,165.0	
Forecast 1978-82.....			1,053.0	
Total through 1982.....			2,218.0	
Northeast Corridor Improvements.....			1,750.0	
Total subsidies, operating expense and capital assistance, 1971-82.....			9,461.0	

Sources: Amtrak reports to Interstate Commerce Commission, "Amtrak Five-Year Corporate Plan, Fiscal Years 1978-82," and authorization legislation.

Mr. Chairman, I would like to call to your attention table 1 which shows the projection of these subsidies for the deficit of \$153,500,000 in 1972 consistently rising, except for a modest decline in 1973, to \$515 million, and the projection overextends to \$590.5 million in 1978 up to \$854 million in 1982.

Also I would like to point out the capital assistance program which I just referred to a moment ago of \$1.065 billion from 1971 through 1977, a forecast of \$1.053 billion dollars for 1978 to 1982.

I also would like to point out that the northeast corridor appropriations of \$1,750 million have been made for Northeast corridor improvements which should be included as an element indicating the total public support for Amtrak for this 11 years and 5 months if the operating plan as proposed by Amtrak is approved.

Total subsidies for that 11-year period would be \$9,461 million, an enormous sum.

Amtrak's Board of Directors has just adopted a new five-year corporate development plan which forecasts operating losses of \$3,629,000,000 through 1972. Capital subsidies for this period are estimated to be \$1.1 billion—stated in constant 1978 dollars. In addition, Congress has appropriated \$1.75 billion for improvements in the corridor between Washington and Boston to permit operating speeds up to 120 miles per hour.

In summary, if Amtrak's present 5-year corporate development plan is carried out, during its first 11 years and 5 months of existence, Amtrak will have received nearly \$5.5 billion in capital assistance. Thus, total subsidies and direct assistance in that period of time would be \$9.5 billion.

In analyzing the total subsidies which will flow to Amtrak in the future, after the \$1.75 billion is spent in upgrading the Northeast corridor, it is necessary to include the prospective writeoff costs of the corridor improvements as well as the imbedded interest cost borne by the public because of the investment of those funds. If you were to assume an average depreciable life of 20 years for the expenditures currently being made to upgrade the corridor, the average annual cost per year attributable to the upgrading would be \$88 million. The capital charges borne by the public for this expenditure at 8 percent would total \$140 million per year. Thus, Amtrak's subsidy in 1972 will be \$228 million more than its projected operating loss of \$854 million, or \$1,082 million, an average of \$40.98 per passenger estimated in that year in Amtrak's operating plan [See table 2].

[The table referred to follows:]

TABLE 2.—AMTRAK'S REVENUES, EXPENSES, AND DEFICITS AS AVERAGES PER PASSENGER CARRIED, FISCAL YEARS 1971-77 AND AS PROJECTED BY AMTRAK FOR FISCAL YEARS 1978-82

	Operating revenues	Total expenses	Deficit
1971.....	\$9.04	\$18.12	\$9.08
1972.....	9.43	18.91	9.48
1973.....	10.37	18.66	8.29
1974.....	13.45	24.44	10.99
1975.....	14.25	32.37	18.12
1976.....	15.76	39.66	23.60
Transition quarter.....	16.54	40.23	23.69
1977.....	15.97	42.79	26.82
Total, 1971-77.....	13.34	29.97	16.63
1978.....	17.22	46.02	28.80
1979.....	18.93	50.34	31.41
1980.....	20.14	53.04	32.90
1981.....	20.90	53.47	32.57
1982.....	21.90	54.25	32.35
Total, 1978-82.....	19.96	51.65	31.69
Total through 1982.....	16.68	40.92	24.24

Source: Table 1.

On table 2 you have a statement showing the increase in deficit from 1972 to 1977 from \$9.48 a passenger to \$26.82 a passenger, going to a projected \$32.35 a passenger in 1982 which, when you add the writeoff of the corridor the interest per year becomes \$40.92.

More importantly, we should recognize what this assistance to Amtrak in the corridor will do to inflate the operating costs of Amtrak in the corridor itself. In its current operating plan, Amtrak estimates that in 1982 it will carry 14.8 million passengers in the corridor (between all communities) and will generate \$178.6 million in revenue (\$12.07 per passenger). Its operating costs are estimated to be \$331.8 million (\$22.42 per passenger). Adding to those figures the cost of depreciation of the improvements in the corridor and the interest

cost of the project brings total attributable costs to \$560 million for the year. This exceeds commercial revenues by \$381 million. Thus, for each passenger carried total social costs would be \$38. Thus Amtrak would charge that passenger \$12, and the country would have a deficit which it had underwritten of \$26 per passenger, more than double what the passenger is being asked to pay.

For the 11 years and 9 months of \$9.5 billion, the Nation will have achieved the following results:

In its first 6 years, Amtrak passengers increased annually from 16.2 million to 19.2 million, an increase of 18.5 percent to 26.4 million passengers carried.

Mr. Chairman, the only thing I can say is that I think that is optimistic. Any large increase they get will come out of the hide of the bus industry and we don't have that much hide left.

Operating subsidies which averaged \$9.48 per passenger carried in 1972 had risen to \$26.82 by 1977 and is forecast to be \$32.35 in 1982. In contrast, it should be noted that total commercial revenues for Amtrak per passenger were \$9.43 in 1972, \$15.92 in 1977 and are estimated to be \$21.09 in 1982.

Passenger miles for Amtrak in fiscal year 1972 totaled 2.9 billion. This was less than 3 percent of the total passenger miles carried by Amtrak's common carrier competitors, the commercial airlines and the intercity bus industry. By fiscal 1976, it carried 3.7 billion passenger miles. This was still less than 3 percent of the traffic carried by the airlines and the bus companies in that period. And, rolling into the future, after \$9.5 billion in subsidy by 1982 Amtrak will still be carrying less than 3 percent of the combined passenger miles of its two private competitors.

Amtrak's results are even more discouraging when its passenger miles are compared to the total intercity passenger miles by all modes, including the private automobile. It is roughly three-tenths of 1 percent of the total.

This is not much performance for Amtrak after the Nation will have spent \$9.5 billion in a little over 11 years. Even in an era of big government expenditures, this is astronomical when viewed against what is accomplished.

Mr. Chairman, as an incorporator of Amtrak, I remember the frenzied work we did in the spring of 1971 in setting up the corporation and the hopes all the incorporators had that we were taking part in the establishment of an economically viable intercity rail service in this country—participating in what we recognized could be an historic occasion.

Mr. ROONEY. Mr. Lewis, if I may interrupt, you talk about the fact that Amtrak is carrying less than 3 percent of the combined passenger miles of its two private competitors. Who are the two private competitors?

Mr. LEWIS. The airlines and the bus industry.

Mr. ROONEY. They are not subsidized at all by the Federal Government.

Mr. LEWIS. At the present time the bus industry is actually making a contribution to the highway trust fund that is roughly 25 percent

more than the attributable cost shown by the Department of Transportation studies on subsidies. On the other hand, I do believe that the airlines are not paying their full share of the cost of operating the Federal airways.

In the case of the intercity bus industry, with present fuel taxes and excise taxes we pay, we literally are paying 25 percent more than the estimated impact cost on the Federal Highway System according to the DOT studies.

Mr. ROONEY. The buses run on a Federal Interstate System.

Mr. LEWIS. Yes, sir.

Mr. ROONEY. Developed and built by Federal moneys.

Mr. LEWIS. Yes, sir.

Mr. ROONEY. 42,500 miles.

Mr. LEWIS. Yes, sir.

Mr. ROONEY. All of the airlines are flying into city airports that are built by the States and local authorities. They all have FAA subsidies. How do you say that they are private competitors?

Mr. LEWIS. I think the bus industry pays through user charges a sum of money greater than its proportionate share of the costs brought on by the bus industry according to the studies of the Department of Transportation. Now, in the case of the airlines, I don't believe that they fully compensate the Government for the use of Federal airways.

There is no provision for the compensation fully for the Federal airways. I still would say that their basic management policies and philosophies and the like are really set, the majority of their funding comes from private enterprise sources.

Now the bus industry, of course, uses Federal highways and also State and local highway systems.

Mr. ROONEY. All three carriers are subsidized either directly or indirectly, is that correct?

Mr. LEWIS. Well, if you call subsidies the use of Federal highways, even though you pay more than your proportionate share, then I would say yes.

In my own thinking in the past, I have always assumed that subsidies would occur if the estimated impact costs were not at least recovered in the fees paid. In our case we do pay more.

Now, the U.S.R.A., when we prepared reports on the subsidies to various modes of transportation we pointed out that rail competitive truckers paid taxes equal to about 50 to 60 percent of their impact costs. We called that a subsidy, the difference between that and 100 percent.

In the case of the bus industry we pay actually 25 percent more than the impact costs. So that while buses use a public facility, the industry really pays its proportionate share.

I regret to say that at this point Amtrak constitutes a massive failure. It has come nowhere near meeting the objectives we believed it might during those long sessions in the spring of 1971.

When something fails to this degree it is probably due to multiple causes among which could be management, public policy, competition, or what have you. But failure to this degree probably reflects something more fundamental—it probably fails because it does not have real acceptance in the marketplace. This raises a basic question as to whether the public wants or has need for intercity rail service, at least

as it is currently operated. It also raises a question as to whether the marketing policies of the corporation have been adequately thought out. I think the answer is obvious, no.

For some time Amtrak has tended to justify its existence on the basis of energy efficiency. This is a false claim and is not borne out by the facts. In calendar year 1976 Amtrak consumed 76.9 million gallons of diesel fuel while providing 4.27 billion passenger miles of service. It averaged only 55.5 passenger miles transported per gallon of fuel consumed. This figure includes the passenger miles in the Northeast corridor between Washington and New Haven, but it does not include the cost of fuel to generate the electricity which powered those trains.

Thus, actual fuel efficiency is less than 55 miles per gallon. It is much closer to being on a parity with the automobile of the future (i.e. 1982 as mandated by Congress) than present consumption figures would indicate. Furthermore, the fuel consumption figure will rise in the future as track speeds increase on the Northeast corridor with the completion of the present upgrading project as well as elsewhere throughout the country. I do not believe anyone has made a conclusive study of the increased fuel consumption of trains traveling at or near to their terminal speeds. Generally, when you begin to approach the terminal speed of any transportation technology, fuel consumption rises sharply and disproportionately to the workload involved.

Amtrak has justified its existence in providing standby capacity in case of some sort of an emergency. There is no way that a transportation mode which provides less than 3 percent of common carrier passenger transportation capacity in this country or roughly three-tenths of 1 percent of its total passenger transportation capacity, including automobile, can provide an effective reserve for any emergency.

Thus, there really is no fundamental justification for subsidies to Amtrak if it, itself, cannot develop its own justification in the marketplace.

Mr. Chairman, I respectfully suggest that this oversight hearing be expanded to include a restudy of the basic mission of Amtrak, the goals which should be set for it and the directives which should be issued to it to accomplish those goals.

The country's resources, its economic power, as well as the money and patience of its taxpayers, are not inexhaustible. In determining the future direction of transportation, Congress must take a realistic view of the economic alternatives which exist and establish priorities based on the limited resources available for economic development. It is essential that these alternatives be properly evaluated and that appropriate tradeoff studies be conducted which properly quantify the total cost of a system of transportation. These tradeoffs must be weighed, not only in terms of economic benefits, but the Nation's overall needs for fuel conservation and other vital goals as well.

Can we as a Nation, as a matter of national policy, afford to continue the practice of heavily subsidizing a mode of transport the justification of which is predicated only upon its past role in passenger transportation.

In the taxpayers' general interest, it is timely to ask and resolve this question.

Mr. Chairman, the issues before this committee which have been posed by Amtrak's last two 5-year development plans are truly major. I respectfully suggest that the General Accounting Office or the Congressional Budget Office be asked to make an analysis of the whole Amtrak concept, the costs and the benefits which society will derive from a continuation of present programs, and the impact Amtrak has on its private enterprise competitors.

I shall be glad to answer any questions that you might have.

Mr. ROONEY. Thank you for a very comprehensive statement.

Mr. Lewis, is it your belief that even with corporate reorganization and restructuring of Amtrak that the company still will not make a profit?

Mr. LEWIS. I suspect that for the indefinite future in almost anything you do that it will be difficult for Amtrak to become fully profitable. The thing that concerns me as much as anything else is the fact that not having a profit goal or not being asked to really hold their expenses under control—as Mr. Reistrup said this morning, he didn't like the accountants looking over his shoulder—they are able to price their services for a superior product which is faster, at 80 miles an hour, than our arbitrarily held-down speeds of 55, and absolutely modern new Amfleet cars that are far more comfortable, four abreast, than the busses with which we compete with them.

They are able to come in here and without any pressure for improvement, price themselves at our level or below, and this is very damaging to the bus industry.

The only thing we have to offer as a transportation system is inherently lower costs, providing the basis for lower rates. And, when Government subsidies permit a competitor to drop its rates on top of us, I can only tell you that with a general expansion of Amtrak's 5-year program throughout the entire country on the major routes in the next 5 years, I don't think you will have a bus industry in 1982.

Mr. ROONEY. You did state that the Amtrak fare charges per passenger covers only one-third of the cost of carrying a passenger?

Mr. LEWIS. Yes, sir.

Mr. ROONEY. Do you believe that Amtrak should increase its fares?

Mr. LEWIS. Yes, sir. I think they should be prevailed upon to attempt to generate increased revenues by fare increases. I think that is the only way that you can really determine what the market demand is for their services.

Mr. ROONEY. You question whether or not Amtrak has received acceptance in the marketplace, further, whether or not the Amtrak service is needed or required in this country. Do you believe that the national rail system should be decreased to something similar to former Secretary Coleman's suggested plan?

Mr. LEWIS. I don't think I am familiar with his plan, Mr. Chairman.

Mr. ROONEY. He suggested, as I recall, the corridor concept and give that service where it can compete with other modes of transportation.

Mr. LEWIS. I don't think that there is any question but in corridors such as exist between here and Boston that there is probably more justification for concern about the existence of rail service. At the same time though, I think it is important that when you have trains traveling at 120 miles an hour and the buses are arbitrarily held by law to



55 miles an hour, and when you are providing cars of infinitely greater comfort than that which exists in a bus, I think it is only natural that we should ask that transportation agency to charge rates that at least reflect its out-of-pocket cost of operation. The rates that are charged today are much less than the out-of-pocket cost of operation, Amtrak was granted complete freedom to price its services at what the market could bear so that they could charge what was necessary to make its operations profitable.

But they have abused that freedom. Mr. Reistrup in his testimony this morning talked about the fact that they were able to offer competitive rates and that if they offered competitive rates they would get ridership. That only means, Mr. Chairman, a diversion of riders from the bus industry. It is a very serious threat. Amtrak has not developed its pricing structure on the basis of what was needed to reduce losses, but merely to generate ridership.

A proliferation of modern cars, at higher speeds throughout the country as envisioned in rail Amtrak's current operating plan, with another \$6 billion public subsidy in the next 5 years, and I literally don't know where this industry that I represent will be. It is a tough problem in terms of national transportation priorities and policy.

Mr. ROONEY. Can you suggest a way that Amtrak could, as you say, justify its existence in the marketplace?

In using Boston to Washington perhaps as an example, can the buses provide services between here and New York and Boston without the competition of Amtrak?

Mr. LEWIS. We can provide services but our service is going to be slower because we can't go at the faster speeds. Even though we are by far the most energy efficient mode by a substantial margin, we are arbitrarily held down to lower speeds in order to meet the national objective for energy consumption. We lost 40 minutes in the schedule between Washington and New York, non-stop, when we went to lower speeds.

Mr. ROONEY. Are you advocating higher speeds for buses?

Mr. LEWIS. I would like to suggest yes, but I honestly am not in a position to do so at the moment because I don't know how it could be brought about. We are really caught in a problem of dealing with national priorities on the highway system. I for one think I would have a lot of difficulty in saying that we should be permitted to go at 65 to 70 miles an hour whereas private automobiles should be held down to 55 miles. I think at that point we are not dealing with reality to ask that.

But I do think we are dealing with reality, if we have a faster service by train and—we have better cars by train—to ask them to price their services so as to at least cover their out-of-pocket costs.

The Congressman from Montana talked about the fact that some 12 stations would not receive services if Amtrak's cut backs were pursued. I have here in front of me a map that shows that we serve over 200 cities in Montana. We provide services to over 200 cities in Montana. If the services were discontinued we still would provide services to all the cities that Amtrak currently operates to except one of 2,500 in population.

We have a pervasive level of service which can substitute for Amtrak.

I would also like to point out the statement that I made in my opening remarks. It is your basic high density trade routes that have historically produced the profitability to the bus industry. The rural routes of light traffic density have been losers for us. Unfortunately, as there has been out-migration in the last 25 years from the rural areas to the urban areas that traffic volume has decreased, so what used to be marginal is now submarginal. One of the reasons that the bus industry has suffered a declining profit today and has for the last 6 or 7 years is the fact that we are facing competition on the principal routes at the same time these rural routes are declining in ridership.

Here is a very critical national resource where we serve 15,000 communities that no other public carrier serves, and yet we are running out of the ability to support the losses that are in those rural areas.

So it is a very serious problem.

Mr. ROONEY. We certainly do appreciate your very fine testimony this afternoon, Mr. Lewis. We appreciate your being here before this committee.

Mr. LEWIS. Thank you very much, Mr. Chairman. I appreciate it.

Mr. ROONEY. Our next witness will be Mr. Arthur Purcell, director of the Technical Information Project, Inc., Washington, D.C.

**STATEMENT OF ARTHUR H. PURCELL, Ph. D., DIRECTOR,  
TECHNICAL INFORMATION PROJECT, INC.**

Mr. PURCELL. I thank you, Mr. Chairman.

Technical Information Project [TIP] appreciates the opportunity to make a statement before the subcommittee. TIP is a nonprofit research, education, and consulting group incorporated in the Nation's Capital. We specialize in resource conservation and environmental policy areas. My name is Arthur H. Purcell, and I am director of TIP. I have appeared before this subcommittee previously in relation to waste legislation.

TIP is vitally concerned with the subject of energy conservation. The national network of citizen leaders we have generated through our ongoing energy and waste workshop series across the country shares this concern. As an organization, we recognize the vital contribution that efficient, reasonably priced, and well patronized railroad passenger service can make to national energy conservation efforts. The energy attractiveness of rail passenger transport is well documented. I don't think I need go into it here. As an individual, I will admit I am a dyed-in-the-wool train buff and a supporter of Amtrak.

As a member of President Carter's 1976 Science Task Force I was quite concerned with the issue of the relationship between Federal Government and mass transit programs, particularly those of rail passenger service.

There is a poem that contains the line: "There isn't a train I wouldn't take, no matter where it goes." This describes my philosophy and bias toward passenger trains. It also underscores my deep concern for the direction Amtrak is taking as it seeks to trim service in order to reduce its unfortunate operating debts.

Recent personal observations lead me to believe that Amtrak's priorities in reducing service will perhaps cut dollar losses but will also serve to discourage rail passenger travel and further tarnish Amtrak's less than burnished image. This past long weekend, along with my wife, I went on a combined business and pleasure trip encompassing 1,000 miles of rail travel on three different Amtrak trains. It was a most enjoyable trip for us because we like train travel and have a forgiving nature. But certain negative aspects of Amtrak service stood out which, I believe, are real danger signs in the battle to attract more passengers that Amtrak desperately needs.

First, for the tenth time in my past 11 trips, the Metroliner was 20 minutes late, or more than 10 percent behind schedule to New York. The Metroliner consistently runs behind schedule.

It is important to ask how will Amtrak service cuts affect this problem? What plans does Amtrak have to improve this vital part of its system in light of budget pressures? There is no evidence whatsoever that service cuts will do anything other than decrease performance of this and other trains.

I need not expound on the long-standing inconvenience of getting near trains in Union Station in Washington, and the sterile waiting rooms with inadequate seating provided in the new station. But I continue to be dismayed by the exceedingly poor waiting and boarding facilities in other major centers. In New York, the dismal main waiting room at Penn Station was standing room only last Saturday when we were waiting for a night train north. When we went down to the more comfortable Amtrak lounge on Penn Station's lower level, a sign on the locked door told us that "Lounge services have been suspended due to budget restrictions."

Boston's South Station, from which we boarded the Monday Night Owl back to D.C., is an abomination. You really have to be a hardcore rail fan to venture into place, particularly after dark. I had not been in South Station for 2 years, and was quite disappointed to see that virtually nothing had been done to improve the waiting and boarding facilities at this major Amtrak terminal.

The closing of the New York passenger lounge, along with the continuing chaos at Washington's Union Station and the lack of effort at Boston's South Station, give both symbolic and substantive testimony to the fact that Amtrak needs substantive guidance as it prioritizes service reduction efforts. They indicate that Amtrak is not really serious about wanting to make rail passenger service travel attractive and comfortable. The fact that every day tens of thousands of Amtrak patrons must suffer with these and other facilities is a serious public relations defeat for Amtrak. It symbolizes the need for much closer scrutiny of how Amtrak intends to pursue with equal vigor the goals of cutting costs and increasing patronage and thereby live up to its potential as a major contributor to national energy conservation policies.

Thank you, Mr. Chairman.

Mr. ROONEY. Thank you, Dr. Purcell.

How long do you think the Federal Government should subsidize Amtrak's services to the extent of over half a billion dollars per fiscal year?

Dr. PURCELL. Mr. Chairman, I was interested in the discussion that you had with Mr. Lewis and the difference of opinion as to what constitutes a subsidy. I think that, of course, is a hard question that all of you are grappling with. As you pointed out, and rightly so, the three major modes of transportation are subsidized.

I believe that certainly for 5 years perhaps, provided its management shapes up and a number of things are improved. To me, this is a reasonable time period to consider significant subsidies.

Mr. ROONEY. Of course they anticipated in 1971 that by 1976 it would be a for-profit organization, and that has not occurred in 6 years.

Dr. PURCELL. Right.

Now the 1982 goal is talked about a lot, which is 5 years. One would hope that Amtrak management has learned a lot, which is a catchall phrase for admitting errors. But I still have hope. I am not an economist but I think there is some possibility that given strong guidance by people like yourselves that the system can approach fiscal integrity.

Mr. ROONEY. So when you talk about substantive guidelines to Amtrak you are talking about guidance that should come from the Congress?

Dr. PURCELL. I believe that is a proper source for this guidance. Management always has to have flexibility, of course, but I think that the Congress is able to provide both strong guidelines and yet reasonable ones. I think it has been done before and can be done again.

Mr. ROONEY. I think Mr. Reistrup said this morning he is finding it very difficult to recruit management personnel at the level which could be of help to him at Amtrak. I think with your nonprofit Technical Information Project perhaps you can suggest some people who might want to work for Amtrak.

Dr. PURCELL. Yes, I certainly would be interested in interfacing with Mr. Reistrup or a representative in that regard.

Mr. ROONEY. Where do you get your funds?

Dr. PURCELL. It depends on the project. There is a mix of both private and Government agency funding. The workshop series to which I referred is an almost wholly EPA-supported activity; we are also supported by agencies such as ERDA, the National Science Foundation, and also management consulting and other private groups in the resource and energy conservation field.

Mr. ROONEY. I wonder if you could comment, then, talking about energy, about a statement that Mr. Lewis just made about the bus being a better conservation situation as far as a per mile traveler versus the railroad.

Dr. PURCELL. I was intrigued by his comments. I did not hear the quantitative figures disputing the energy superiority of the railroad. I heard a figure of, I think, 76.9 million gallons, something like that. Then I heard a 55-mile-per-gallon figure. I didn't see a direct comparison.

His point is well taken that if the energy for the electric part of Amtrak, and the electric part is going to be expanded, is not taken

into account, then there is some obvious error in the calculations for energy efficiency. But without having specific figures in front of me it seems unlikely that unless Amtrak trains are running close to empty, that its energy efficiency would be lower than that of the buses.

I have done a lot of work in trying to look at how far back you go in such calculations. If you take into account the energy of building the interstate highways, if you take into account the energy that was expended 100 years ago to build the road beds, these figures come out differently. But for operating energy, it is hard to believe that the buses would be more efficient.

MR. ROONEY. Thank you very much, Dr. Purcell. We appreciate your contribution today.

DR. PURCELL. Thank you, Mr. Chairman.

MR. ROONEY. Our next and final witnesses will be a panel consisting of Ms. Sherri Y. Alston, assistant commissioner for public transportation, St. Paul Minn.; Clifford Elkins, deputy director, National Conference of State Railway Officials; Mr. William L. Barwis, manager of the Rail Passenger Operations Section, Lansing, Mich.; George Gray, acting chief, Division of Mass Transit, California Department of Transportation.

#### STATEMENT OF CLIFFORD ELKINS, DIRECTOR, NATIONAL CONFERENCE OF STATE RAILWAY OFFICIALS

MR. ELKINS. I am Mr. Elkins, director of the National Conference of State Railway Officials.

I would like to make some introductory remarks. We will have Mr. Barwis summarize, then Ms. Alston, and Mr. Gray.

What I would like to do is make a couple observations based on what has happened in the hearings to date.

We think they are quite significant, as Mr. Hennessy from New York testified yesterday. The States we think are in a very unique position with Amtrak because perhaps in no other entity outside of the Federal Government is a true financial partner with Amtrak. Indeed the passage of the 4-R Act by Congress in its wisdom provided for the 403(B) services, but in addition to that the States do many other things that can help Amtrak. We feel that it has not gone far enough. The States almost universally are very concerned with the relationship and the role that it has with Amtrak.

Indeed we think it is an incredulous situation that the States have to come before Congress and have somewhat of a negative position regarding Amtrak and its present role because our goal is for Amtrak to have good, decent, and meaningful rail passenger service.

We think it is also significant in our appearance today; we are not primarily talking about service cuts. We are talking what Amtrak should be and its intended request for additional money.

While some of us have differing opinions on the need for additional money we think Congressman Madigan's remark this morning in his question, "Would the additional moneys mean business as usual?" And we are quite concerned that the answer is yes, it does mean business as usual. This is what our concern is.

In addition to the testimony that we have prepared, I have two Governors' statements which we gave to the committee, and particularly Governor Carroll of Kentucky. One of the main points he wished to bring out is that in the 6 years of active dealing in rail passenger matters, the State of Kentucky, to his knowledge, and Commissioner Grayson of the Kentucky Department of Transportation, have had no official communication from any official at Amtrak. Their main source of contact has been receiving press releases.

The State of Kentucky has resources that are available, but indeed they find the way they have to deal is go to an adversary proceeding on the Floridian.

Mr. ROONEY. Without objecting, the Governor's statement will become a part of the record [see p. 308.]

Mr. ELKINS. Thank you, Mr. Chairman.

I also have a statement from Governor Lamm of Colorado.

Mr. ROONEY. Which will be included in the record [see p. 309].

Mr. ELKINS. Thank you, Mr. Chairman.

The Governor's statement brings up a restructuring suggestion for train service to Colorado. It is the Southwest Limited. It is interesting to note in Mr. Reistrup's statement today on page 10, Amtrak is seriously considering restructuring this train. The State of Colorado, I believe, has a meaningful alternative. Again, in discussion with Governor's Lamm's office and Mr. Kenslinger, the present executive director of the Colorado Highway Department, they have not had any meaningful communication with officials of Amtrak. They want to make that service serving Colorado better, and it does not necessarily mean more service, only better service.

One other point that I would like to make before our witnesses start.

In Mr. Lewis' testimony, looking at table 1, we notice a source which is the Amtrak 5-year corporate plan for the fiscal years 1978 to 1982. We assume that means the current Amtrak 5-year plan which we learned in the Wall Street Journal has been released. We completely share frustration that as a State which wishes to help Amtrak and work closely with Amtrak, we know nothing about the 5-year plan except what we have read in the paper, and we see the committee has the same problem. We think this is basically an intolerable situation.

We stand ready to deal with Amtrak, to meet with them. In fact, we had one excellent meeting, but since that date there has been no followup.

National schedules are complex. Somebody has to get that train at 4 a.m. We feel we as a group of States can meet with Amtrak, we can assist them to see who has what service. This offer has been made time and time again to Amtrak that we sit down with their scheduling process before it is published. To date we have had no satisfactory answer.

These are the only observations I wish to express. I would like to have Mr. Barwis go next and we will all be available for questioning, Mr. Chairman.

Mr. ROONEY. Mr. Barwis.

**STATEMENT OF WILLIAM L. BARWIS, MANAGER, RAIL PASSENGER  
OPERATIONS, MICHIGAN DEPARTMENT OF STATE HIGHWAYS  
AND TRANSPORTATION**

Mr. BARWIS. Mr. Chairman, I appreciate the opportunity to present testimony regarding Amtrak's operation and performance. With your permission, I would like to submit a detailed evaluation of the Amtrak Michigan operation for the record, but touch on a few general areas of concern in this statement.

Mr. ROONEY. Without objection the evaluation will become a part of the record.

[The evaluation referred to follows:]

9/23/77

## EVALUATION OF MICHIGAN AMTRAK SERVICE

This treatise on Amtrak's past and present performance reflects the opinions of State of Michigan personnel, and is confined primarily to trains serving Michigan. Some comments are offered on areas outside Michigan based on contacts with passengers who have ridden other trains and on previous experiences of Michigan personnel.

It must be understood from the outset that outside agency representatives cannot evaluate Amtrak's internal administration, despite our close relationship with most departments of the organization. We can see the results of inadequate communication between and within departments, but outsiders cannot pinpoint specific personnel as deficient. However, Amtrak has not met the expectations of the states with regard to quality of service provided and it becomes difficult to justify state expenditures (both capital and operating) on the service when there are deficiencies.

In order to evaluate Amtrak's performance, minimum service quality standards must be established. Some suggested standards are listed below:

1. Amtrak must have good trackage over which to operate, with schedules at the most marketable times. The schedules must reflect maximum safe passenger speeds using FRA track classifications but also must have sufficient time to ensure a reliable service (80% or more on-time).
2. Amtrak must have the cooperation of the operating railroads in its efforts to minimize railroad operating costs (including crew sizes), to maintain high morale among crews having contact with Amtrak's passengers, and to improve schedules and train performance over time.
3. Amtrak must purchase equipment (both locomotives and passenger cars) that can be maintained efficiently, at a reasonable cost, and is suitable for the services provided. Maintenance cycles and facilities must then be set up so the equipment will perform reliably, enabling high availability and good utilization.
4. Amtrak must hire and train all on-board personnel to be courteous and helpful to passengers, even under the most difficult circumstances, and train menus must be appropriate to the passengers' needs and be well-prepared.
5. Where Amtrak has been entrusted with track ownership, it should upgrade the railroad to the maximum safe passenger speeds within the resources available.
6. Amtrak must market the services to the maximum within its available resources, including fares, schedules, on-board and station services.
7. Amtrak must effectively communicate within its own organization and with interested outside agencies and the general public.
8. Amtrak must aggressively seek all available outside funding and



publicity available to it. Funding should be concentrated on capital improvements, particularly to track and stations.

9. Amtrak must develop an accounting system that can detect improper charges from vendors and correct them immediately. A system must also be developed to properly allocate costs to individual routes and allow timely preparation of billings for accounts receivable.

The company must be organized to provide passenger transportation where rail passenger service is viable. Amtrak is not just an operator of passenger trains, but provides transportation for people.

#### Evaluation of Amtrak Using Service Quality Standards

In our experience with the Amtrak system over several years, Michigan enjoys some of the best service provided anywhere by Amtrak, despite the relatively low authorized track speeds. In large measure this good service results from two factors: the large ridership increase in the Detroit-Chicago corridor during 1975 and 1976, and the close monitoring performed by the Michigan Passenger Services Aides. Because of the good Michigan ridership, Amtrak is considering major service improvements over the next five years.

However, the relatively good service should not overshadow the fact that Amtrak needs a strong push to perform its job better. The following is a description of perceived deficiencies and suggested solutions, using the standards cited above:

1. Problem: Amtrak is authorized to operate over contract railroads by law, which include any that dropped passenger service as of April 30, 1971, whether or not Amtrak continued that service beginning May 1. However, in many cases passenger trains are restricted to speeds below maximum FRA-authorized speeds. For example, in Michigan, Conrail authorizes 70 mph passenger train operation and the Grand Trunk authorizes 60 mph, but the FRA authorizes 79 mph. In both cases, Amtrak has not been successful in convincing the railroads to raise the speeds.

Also, Conrail has been cooperative in scheduling the trains at times desirable to Amtrak, but the Grand Trunk has refused to change the westbound Blue Water to the time proposed by Amtrak and the state.

Suggested Solution: Amtrak must be more aggressive and tough in its relationship with railroads, particularly the anti-passenger lines that refuse to cooperate. Top level management should meet and explain the options to the railroad, including litigation or arbitration if an agreement cannot be reached. If unsuccessful, Amtrak should immediately arbitrate the matter. In this process, however, it is presumed that "peaceful co-existence" is the more desirable alternative and arbitration is only a last resort.

In the past six months since the Grand Trunk refused to change the Blue Water schedule, the state is not aware of any meetings between top Amtrak management and Mr. Burdakin to discuss this situation; Amtrak has quietly succumbed to the railroad.

2. Problem: The railroads have varied widely in their cooperation, but Amtrak can consider its relationship satisfactory with only a few of them. The operating contracts have no incentive for the carriers to minimize their costs, and in fact have every incentive to include gray areas in the billings. Train crews have not changed materially since Amtrak took over in 1971 and there is little contact with railroad-employed conductors and trainmen who are in daily contact with the passengers.

Suggested solution: Railroad cooperation will not be obtained through passing laws, but it will require a great deal of imagination and ingenuity. Economic incentives can be used to a limited extent, but Amtrak does not have the resources to incur large costs to "bribe" the railroads to cooperate.

One possibility would be to use Amtrak's lobbying capability on Capitol Hill to obtain funds or other concessions for the railroads, benefitting both freight and passenger service.

A second possibility would involve working with state and local agencies having railroad regulatory functions in an effort to relieve the railroads of burdensome rules. In any such endeavor, though, Amtrak must negotiate the specific items in advance with the railroads. There are probably numerous other ways that would generate good will for Amtrak with the railroads.

3. Problem: Amtrak has had mixed results with the new equipment it has purchased. With a few minor exceptions, the Amfleet and Turbos appear to operate reliably and to be maintainable, while the SDP's and E-60's have been notable failures.

The company's equipment maintenance capability on all types has not been proven, however, especially in Chicago. Equipment operating in Michigan is primarily Amfleet and Turbos, but almost regularly defects are reported on several trips before they are repaired. Even more serious was the inadequate preparations made when the Amfleet was first introduced. Many spare parts were not available during the production run for the initial cars put into service because they were all needed for the cars being built. Toilet and end door motors were a serious problem with their frequent failures, and no spares were available. Numerous passenger complaints were received during that period. Even with adequate spare parts, some repairs require several days, but the cars are operated anyway. A few design deficiencies remain, such as small exterior door heaters that are ineffective in heavy snow and severe cold, or perhaps not used properly because of inadequate training of train crews.

The Turboliner equipment is better maintained in Chicago than the Amfleet, probably because technicians ride each train and make minor repairs en route, and because the facility maintains a small and fixed fleet of cars.

Maintenance of conventional cars appears to be minimal. The worst of the old cars were scrapped or sold when the Amfleet was delivered, but the condition of the remaining cars continues to deteriorate. Technicians on the Niagara Rainbow and Lake Shore Limited in New York State have helped those trains somewhat, but the conditions are far from satisfactory. For example, three diners are assigned to the Niagara Rainbow for the two sets of equipment, but there are almost daily reports of air-conditioning or electric failures on these cars. A 10% spare ratio is typical, but even 33% is not adequate in this case.

**Suggested Solution:** The regions must establish accountability with their equipment maintenance personnel, both for equipment leaving its maintenance point and out on the road.

Using Chicago as an example, all trains should be checked before leaving the yard. The 1000A form (list of each car's defects noted by previous trip's train crew) is helpful in detecting problems, but a thorough inspection should also be made by maintenance forces. Any car with a defect that affects safety or that would be noticeable to passengers should not be approved to leave the yard. The region's management should then make spot inspections of equipment after it backs into the depot, and if any defects are noted, disciplinary action or dismissal of the responsible people should follow. It is understood that exceptions are always necessary, for instance when a train is very late arriving and there is insufficient time to handle every detail. However, this should be the exception and not the rule; equipment should not be scheduled to turn around so fast that adequate maintenance is impossible.

Similarly, some accountability must be established for equipment out on the road. Certain trains, such as the Turbos, have technicians riding to correct minor failures, but on most trains no attention is given to the equipment (beyond watering and trash pickup) from origin to destination. If a failure occurs at any point during the trip, repairs are rarely made en route, and in some cases the car (or engine) must complete the round trip before receiving attention. Such is the case on Amfleet trains between Detroit and Chicago. Only minor repairs can be made in Detroit because of no spare parts and the time shortage. Control must be established over equipment maintenance, both in the terminal and on the road, so if a failure occurs between maintenance points it can be traced to an individual. If the current system does not work, changes should be made.

4. **Problem:** On-board personnel were a serious problem in the Central Region until approximately two years ago. Since 1975, the situation has improved substantially, but needs further work. The large majority of the attendants on Midwest corridor trains are good and when a complaint is registered with Chicago, disciplinary action is prompt. However, we continue to hear passenger complaints about surly attendants on the long-haul trains to the West Coast.

Menus on the Midwest corridor trains have been adequate, but the full meals offered to date have not been popular. However a new menu has been issued recently, including pizza, that is more popular. This experimentation should continue.

**Suggested solution:** Regarding the surly attendants on long-haul trains, there should be increased surprise inspections and disciplinary action. These two measures were effective in the Midwest.

5. In Michigan and Indiana, Amtrak owns approximately 85 miles of railroad, from Kalamazoo to Michigan City. This track is used by eight passenger trains a day and is being upgraded to 79 mph operation with state and Amtrak funds. The state is very pleased with the work Amtrak has performed here so far.

6. The area of marketing, including schedules and fares, has been a sensitive subject between Amtrak and the 403 (b) agencies (those who subsidize Amtrak trains, consisting of California, Illinois, Michigan, Minnesota, New York and SEPTA). For 403 (b) trains operating on routes where Amtrak does not operate its own trains, Amtrak has agreed to give the state or local agency a veto on fare and schedule changes, but no such concession was agreed to where Amtrak operates its own trains.

There have been many differences of opinion concerning fare levels, schedule times and promotion, but effective communication between Amtrak and the sponsoring agencies can resolve the large majority of these differences.

7. Problem: Communication is difficult to measure, but often can be evaluated by the quality of the public image. Recent communications have probably reduced the impact of the massive service reductions, but Amtrak's image with the non-riding public is generally negative. In information conversations, the reaction to the word "Amtrak" varies from "The trains are always crowded, and/or late." to "The train is unsafe because of all the accidents lately." Amtrak itself admits that public awareness is slight and more effort is needed to bring out its message.

Suggested solution: There are Amtrak employees in every large city served, who are familiar with the local people and probably have many contacts. Amtrak management should promote the idea of having employees accept speaking engagements with such groups as service clubs, elderly and travel groups and general gatherings. Discussion topics could be limited to non-policy and non-controversial matters, but many items remain. The Sales Department alone is not large enough to do this job effectively.

8. Problem: Amtrak has been aggressive in seeking Congressional funding, but has been reticent in soliciting state and local funding with the exception of the joint station program last spring. There are numerous untapped sources, particularly for advertising. Many small papers and trade publications will print articles of a promotional nature free. Some chambers of commerce or travel organizations may be able to fund promotion.

Amtrak has been particularly lax in working with states and state legislatures on funding capital improvements. This is a major job, but would probably be fruitful if performed by District Superintendents or regional personnel who are knowledgeable about the operation and can justify the improvements.

Another area that was mentioned previously is the state and local agencies with regulatory authority. Particularly relevant for Amtrak would be funding of grade separations and grade crossing improvements and lifting of speed restrictions.

9. Problem: Amtrak has had more than six years to develop an accounting system appropriate to its unique situation. From the railroads' viewpoint, Amtrak is a public corporation with seemingly unlimited funds from Congress. Unless eligible operating costs are specified in the railroad operating agreement, the railroads will charge to Amtrak every conceivable item remotely connected with the passenger trains. In Michigan, an agreement was executed with Grand Trunk that specifies these eligible costs, but no such agreement has ever been signed with Conrail, Amtrak's largest operator. As a result there has been confusion and continuing adjustments of the Conrail bills.

Even more serious is the allocations by route. Amtrak has finally developed a system to allocate all costs in a uniform manner, which has not occurred in the past. The states disagree with some of the allocation methods, but the concept is sound.

Suggested solution: Amtrak should negotiate agreements that specify eligible costs with all operating railroads not already having them.

In conclusion the Amtrak organization has made many studies in the past six years, but still has a long way to go in providing a reliable and consistent high quality service. The key area that needs immediate attention is the Amtrak-railroad relationship. The railroads must treat Amtrak the same as they would a unit-train shipper who provides his own cars. Until such a relationship is developed, Amtrak will have great difficulty controlling costs and scheduling its trains.

Mr. BARWIS. First, the current budget deficit is a critical problem that must be addressed before ridership is destroyed on any key routes. The reductions already have affected the Northeast corridor and several long-haul routes, and further cuts will be necessary if Amtrak is to remain within its fiscal year 1978 budget. Other services that could be affected are the Midwest corridors—including Detroit-Chicago—and San Diego-Los Angeles, where years of hard work were required to build up the ridership. If Amtrak cuts service in these areas, the reason will not be low ridership.

As a solution to this problem, I would recommend that Congress:

(a) Undertake a study by an agency independent of Amtrak and DOT to evaluate Amtrak and possible alternatives.

We would like to suggest that the Rail Services Planning Office be designated as that agency in coordination with the States. The alternative should include a decentralized Amtrak structure, direct contracts with the operating railroads without Amtrak, the continuation of the existing Amtrak structure, and a combination of State-operated short-haul trains and federally sponsored long-haul trains, all of which would use Federal funds. The study should evaluate each alternative for its cost and capability of providing a reliable, high-quality service.

(b) Order the restoration of all services operating prior to September 8 during the period of the study.

An adequate evaluation is impossible at a time when Amtrak is eliminating major links in the rail passenger network, and is contemplating additional cuts affecting all parts of the country. Such a study should require a few months and will provide Congress with information currently unavailable to make a knowledgeable decision.

Second, under the existing or any new operation, the relationship with operating railroads must be improved. This may be possible under present legislation, or it may require new laws. In either case, the service sponsor must have the ability to establish schedules at marketable times and add desirable new routes without arbitration or litigation.

Finally, Congress should clarify the Amtrak-State relationship on section 403(b) services. Three questions arise as a result of recent amendments:

One: What constitutes "adequate demand to warrant such service" and does the State or Amtrak make the final decision on "adequate demand?"

Two: What is the definition of "solely-related costs" that are the basis for the 50 percent State share of losses?

Three: Who determines what is a "significant effect on the scheduling, marketing or operations" or a 403(b) train? For example, are the States, granted the right of concurrence in all fare changes before implementation?

There have been discussions between the States and Amtrak on all three issues, including many hours of contract negotiations.

In conclusion, Michigan is concerned with Amtrak-State relationships, but more importantly with the future of rail passenger service as a vital part of the transportation system. We hope that Congress will move aggressively to restore necessary services that Amtrak has

eliminated and to establish a mechanism that will give stability to the service.

Mr. Chairman, thank you very much for this opportunity to testify.

Mr. ROONEY. Thank you very much.

What do you mean, Mr. Barwis, by your suggesting a decentralized Amtrak structure? Will you explain that?

Mr. BARWIS. Yes. Right now Amtrak has four regions with headquarters in Chicago, San Francisco, Philadelphia, and there is a fourth region which has headquarters in Virginia.

One proposal would be to decentralize the structure so that all the authority would be in the regions to determine schedules, operations, fares, and to have a skeleton structure in Washington that would handle things like engineering standards, congressional affairs, those types of things that must be handled in Washington.

Mr. ROONEY. You are not suggesting that Amtrak curtail any of its routes?

Mr. BARWIS. Mr. Chairman, not during the period of the study. That study would determine what routes should be terminated and what routes should be continued and any restructuring.

Mr. ROONEY. So you are advocating that Congress appropriate the \$56 million that has been requested by Amtrak, is that correct?

Mr. BARWIS. No. I am saying that the Congress should require that Amtrak put the trains back on until the study is completed and if that requires additional moneys, that some be appropriated.

Mr. ROONEY. Thank you.

Ms. Alston.

**STATEMENT OF SHERRI Y. ALSTON, ASSISTANT COMMISSIONER,  
PUBLIC TRANSPORTATION DIVISION, MINNESOTA DEPARTMENT  
OF TRANSPORTATION**

Ms. ALSTON. Thank you, Mr. Chairman.

Mr. Chairman and members of the committee, I appreciate the opportunity to appear before you today.

With your permission I would like to submit a prepared statement.

Mr. ROONEY. Without objection.

Ms. ALSTON. This is a brief summary of those comments.

The following comments address the two-tier relationship between Minnesota and the National Railroad Passenger Corp. (Amtrak). Minnesota is part of the national rail passenger network which is totally funded by Federal dollars. State plus Federal contributions finance the operations of intrastate rail passenger service. I would first like to discuss the State supported operation.

The State of Minnesota has been involved with Amtrak since April 1975 in the funding of 403(b) service between the Twin Cities (Minneapolis-St. Paul) and Duluth. The Arrowhead, the only 403(b) service in the State, covers a distance of 150 miles and operates daily.

Minnesota's Department of Public Service had initial administrative responsibility for the 403(b) program with Amtrak. In November 1976 the Minnesota Department of Transportation was created and the newly formed agency assumed the duty for managing the Arrow-

head contract. The Minnesota Department of Transportation's first contact with Amtrak was admittedly in a crisis situation.

In January 1977 Minnesota's contract had expired and funds were supposedly exhausted.

Amtrak was ready to post notice to discontinue Arrowhead, as per agreement. The reason "supposedly" was interjected in regard to the funding was the State's inability to determine how much money was owed Amtrak for the last 4 months of the contract. We met with Amtrak officials in February 1977 and the last bill received by the State was in January 20, 1977 for the month of September 1976.

The Department's initial meeting with Amtrak personnel began a saga of unfulfilled expectations.

To improve ridership on the Arrowhead, the schedule was changed in February 1977 which permitted early morning departures from the Twin Cities instead of Duluth. AmFleet equipment had been promised for the February change, but due to the problems resulting from the severe winter, the date was changed to March 15, 1977. No equipment was forthcoming. Promises were again made in June 1977 for delivery of AmFleet cars by October 1977. This date has later slipped to January 1978. Now it is very possible that AmFleet equipment will never appear on the run to Duluth.

Paradoxically, the increased patronage would overtax the three to four AmFleet cars designated for assignment to the Arrowhead run.

Minnesota's biggest concern has been in the area of cost allocated to the State by Amtrak and Amtrak's billing procedure. In March 1977 we sent our auditor to Washington to review the billing. The review at that point indicated that previous billings were based on Amtrak's allocation methods and not necessarily on railroad costs as billed by the railroad company, in particular, the Burlington-Northern. Apparently, it was not until September 1976 that Amtrak began using actual Burlington-Northern costs. Our audit showed that it was not clear whether the State should be charged for certain expense items that were being allocated to us by Amtrak.

The adoption by the Amtrak Board of Directors of a definition of "solely related costs" in relation to the 403(b) service has not satisfied our concerns on the cost allocation issue. In our minds Amtrak's definition of solely related cost simply justifies their practice of allocating the cost of an entire system to the individual trains.

Another irksome problem has been the 4-month delay in receiving bills from Amtrak. It is extremely difficult to request additional moneys from a legislature, when you are unable to give them a complete picture of how much has been expended and the rationale for these expenditures.

In February and again in April, Amtrak promised to bill on a more current basis. The argument used by Amtrak for the delay was two-fold. First, the railroad delayed as long as 90 days before sending a bill. Second, a new billing system based on solely related cost was being implemented. In checking with the Burlington-Northern it was determined that the B-N sends its bills to Amtrak within 30 to 45 days from the end of the month.

Our latest correspondence from Amtrak indicated that the billing system is still not fully operational. The bills for May and June 1977



were finally rendered on September 30, 1977. These billings came only after persistent attempts to have the situation resolved.

The critical cash flow straits of Amtrak, as widely publicized by the media, are not solved by being 4 months behind on billing.

We have also experienced difficulties in obtaining correct ridership information from Amtrak. In our preparation for the report to the legislature we have worked with at least three different sets of ridership figures.

Unfulfilled expectations relating to equipment availability, up-to-date billings, accurate ridership figures, and a reasonable explanation of the cost allocations system present a picture of inept administration, particularly in relation to the 403(b) service. If time is supposed to solve Amtrak's difficulties, one questions how much time is needed; 6 months, 1 year, 2 years—the impediments experienced by the Minnesota Department of Transportation were expressed by our predecessor, the department of public service. It is very difficult to say that an additional 6 months or 1 year will cure the hard core problems of Amtrak.

Certainly, the 403(b) service operated in conjunction with the various States is a small portion of the total National Railroad Passenger Corp. picture. However, it is important in demonstrating that a State has made a strong commitment to rail passenger service and wants to see that service flourish. The service cannot and will not survive a lack of interest by Amtrak through inadequate managerial and administrative responsibility. As 403(b) states, we have a right to demand and expect adept and intelligent management from Amtrak.

Second, Minnesota is also part of the National Rail Passenger Service system designated by Amtrak. At the present time we have two trains that serve the Twin Cities and seven communities within Minnesota.

Between January and May 1977 almost 55,000 people boarded these trains. While we are aware that we have no control over the destiny of the National system, we feel that the States should at least be informed of Amtrak's intentions regarding the service. The State of Minnesota was not informed until after the service reductions were announced by Amtrak on the Empire Builder and the North Coast Hiawatha.

The lack of being informed was certainly important, but even more important was the fact that Amtrak did not bother to contact Minnesota or any of the citizens of Minnesota regarding the need to reduce Amtrak service.

Also, rate increases have been unilateral decisions by Amtrak. The State of Minnesota is not looking to run Amtrak operations, but since a train does go across our State and is used by the citizens of that State, we feel that we ought to know what the intentions of Amtrak will be in the future.

We would like to see long haul train service in Minnesota and we are willing to work closely with Amtrak to see that patronage increase and that the people of Minnesota are made more aware of the rail passenger service that passes through our State.

At the present time Amtrak is building a new station in St. Paul, Minn. This station is being built through the cooperation of the peo-

ple of St. Paul. We suggest that Amtrak try to solicit the cooperation of the State in other areas.

Minnesota is not seeking to dismantle Amtrak. We only look for a more positive response on the part of Amtrak management to our rail passenger concerns.

Thank you.

[Ms. Alston's prepared statement follows:]

STATEMENT OF SHERRI Y. ALSTON, ASSISTANT COMMISSIONER, PUBLIC TRANSPORTATION DIVISION, MINNESOTA DEPARTMENT OF TRANSPORTATION

My name is Sherri Y. Alston, Assistant Commissioner for the Public Transportation Division with the Minnesota Department of Transportation, 413 Transportation Building, St. Paul, Minn. The Minnesota Department of Transportation is responsible for statewide involvement and participation in the various modes of transportation including aeronautics, highways, motor carriers, pipelines, railroads, transit and waterways. Part of the responsibility of the Public Transportation Division includes the implementation and administration of rail freight and passenger programs.

The following comments address the two-tier relationship between Minnesota and the National Railroad Passenger Corporation (Amtrak). Minnesota is part of the national rail passenger network which is totally funded by federal dollars. State plus federal contributions finance the operations of intrastate rail passenger service. I would first like to discuss the state supported operation.

The State of Minnesota has been involved with Amtrak since April 1975 in the funding of 403(b) service between the Twin Cities (Minneapolis-St. Paul) and Duluth. The Arrowhead, the only 403(b) service in the State, covers a distance of 150 miles and operates daily. The train departs at 8 a.m. from the Twin Cities and arrives at 11:20 a.m. in Duluth. The return trip from Duluth begins at 5:30 p.m. and arrives in the Minneapolis station at 8:50 p.m. Minnesota's Department of Public Service had initial administrative responsibility for the 403(b) program with Amtrak. In November 1976 the Minnesota Department of Transportation was created and the newly formed agency assumed the duty for managing the Arrowhead contract.

The Minnesota Department of Transportation's first contact with Amtrak was admittedly in a crisis situation. Minnesota's contract had expired and funds were supposedly exhausted. Amtrak was ready to post notice to discontinue Arrowhead, as per agreement. The reason supposedly was interjected in regard to the funding was the State's inability to determine how much money was owed Amtrak for the last four months of the contract. We met with Amtrak officials in February 1977 and the last bill received by the State was in January 20, 1977 for the month of September 1976. The lack of current billing placed the Minnesota Department of Transportation in a very awkward position before the State Legislature as we requested additional moneys to continue funding the train. The Department's first meeting with Amtrak personnel began a saga of unfulfilled expectations. To improve ridership on the Arrowhead, which was averaging 3,400 passengers per month in 1976, the schedule was changed which permitted early morning departures from the Twin Cities instead of Duluth. The schedule change occurred on February 15, 1977. AmFleet equipment had been promised for the February change, but due to the problems resulting from the severe winter, the date was changed to March 15, 1977. No equipment was forthcoming. Promises were again made in June 1977 for delivery of AmFleet cars by October 1977. This date has later slipped to January 1978. Now it is very possible that AmFleet equipment will never appear on the run to Duluth. Paradoxically, the increased patronage, presently an average of 7,500 passengers per month, would overtax the three to four AmFleet cars to be assigned to the Arrowhead run. Since Amtrak cannot provide adequate locomotive power for additional AmFleet cars, conventional equipment will have to be used to meet the increased ridership demands. If AmFleet equipment were used, then many people would be required to stand the 150 miles.

Minnesota's biggest concern has been in the area of cost allocated to the State by Amtrak and Amtrak's billing procedure. Since the inception of the contract in April 1975, Minnesota has been billed up through June 1977 \$856,860.

In March 1977 we sent our auditor to Washington to review the billing. The review at that point indicated that previous billings were based on Amtrak's allocation methods and not necessarily on railroad costs as billed by the Railroad Company, in particular, the Burlington-Northern. Apparently, it was not until September 1976 that Amtrak began using actual Burlington-Northern billings. Our audit showed that it was not clear whether we should be charged for certain expense items that were being allocated to us by Amtrak. The adoption by the Amtrak Board of Directors of a definition of "solely related costs" in relation to the 403(b) service did not satisfy our concerns on the cost allocation issue. In our minds Amtrak's definition of solely related cost simply justifies their practice of allocating the cost of an entire system to the individual trains by train miles per number of train trips.

Our most irksome problem has been the four month delay in receiving bills from Amtrak. As mentioned previously, it is extremely difficult to request additional moneys from a Legislature, State or National, when you are unable to give them a complete picture of how much has been expended. In February and again in April, Amtrak promised to bill on a more current basis. The argument used by Amtrak for the delay was twofold. First, the Railroad delayed as long as ninety days before sending a bill. Secondly, a new billing system based on solely related cost was being implemented. In checking with the Burlington-Northern it was determined that the B-N sends its bills to Amtrak within thirty to forty-five days from the end of the month. Our latest correspondence from Amtrak indicated that the billing system is still not fully operational. The bills for May and June 1977 were finally rendered on September 30, 1977. These billings came only after persistent attempts to have the situation resolved. These delays prevent Minnesota from adequately assessing the Arrowhead service. One of the mandates we received from the Legislature is to prepare a report relating to ridership and costs for the Arrowhead and by January 1, 1978. It is hoped that Amtrak will keep its promise to bill more currently, thus giving the State adequate time to analyze the information. The uncertainty of the financial picture has made Minnesota little more than check writers. At one point we became so frustrated that we requested that Amtrak send us estimated billing for the months of February through June 1977. When we received actual billings for the months of February and March, the estimates varied by as much as \$24,000. Needless to say, we did not pay on the estimated Amtrak bills. We have also experienced difficulties in obtaining correct ridership information from Amtrak. In our preparation for the report to the Legislature we have worked with at least three different sets of ridership figures.

Unfulfilled expectations relating to equipment availability, up-to-date billings, accurate ridership figures, and a reasonable explanation of the cost allocations system present a picture of inept administration, particularly in relation to the 403(b) service. If time is supposed to solve Amtrak's difficulties, one questions how much time is needed. Six months, one year, two years—the impediments experienced by the Minnesota Department of Transportation were expressed by our predecessor, the Department of Public Service. It is very difficult to say that an additional six months or year will cure the hard core problems of Amtrak. The critical cash flow straits of Amtrak as widely publicized by the media are not solved by being four months behind on billings.

Certainly, the 403(b) service operated in conjunction with the various states is a small portion of the total National Railroad Passenger Corporation picture. However, it is important in demonstrating that a state has made a strong commitment to rail passenger service and wants to see that service flourish. The service cannot and will not survive a lack of interest by Amtrak through inadequate managerial and administrative responsibility. As 403(b) states, we have a right to demand and expect adept and intelligent management from Amtrak.

Second, Minnesota is also part of the National Rail Passenger Service system designated by Amtrak. At the present time we have two trains that serve the Twin Cities and seven communities within Minnesota, the Empire Builder and the North Coast Hiawatha. Between January and May 1977 almost 55,000 people boarded these trains. These trains originate in Chicago and go to Seattle. While we are aware that we have no control over the destiny of the National system, we feel that the states should at least be informed of Amtrak's intentions regarding the service. The State of Minnesota was not informed until after the service reductions were announced by Amtrak on the Empire Builder and the

North Coast Hiawatha. The lack of being informed was certainly important, but even more important was the fact that Amtrak did not bother to contact Minnesota or any of the citizens of Minnesota regarding the need to reduce Amtrak service. We had no idea that service was going to be cut, if we had been able to take a look at the proposed reductions or to have a hand in reviewing the criteria for reducing the service, perhaps we could have suggested changes for helping to increase patronage. Also, rate increases have been unilateral decisions by Amtrak. The State of Minnesota is not looking to run Amtrak operations, but since a train does go across our state and is used by the citizens of that State, we feel that we ought to know what the intentions of Amtrak will be in the future.

We would like to see long haul train service in Minnesota and we are willing to work closely with Amtrak to see that patronage increase and that the people of Minnesota are made more aware of the rail passenger service that passes through our State. At the present time Amtrak is building a new station in St. Paul, Minnesota. This station is being built through the co-operation of the people of St. Paul. We suggest that Amtrak try to solicit the co-operation of the State in other areas. In the rail freight business the person who is shipping the commodity has a great deal to say over how that commodity moves. He can help determine the rate, he selects the route, and he assumes responsibilities in seeing that the shipment is ready for the train on time. Amtrak has not adopted this attitude. It says it runs the railroads, it determines the rate, it determines the routes, and in essence, the passenger plays the game Amtrak's way. Unfortunately, this attitude cannot be adopted by a corporation that is being funded primarily from the Federal taxpayers' dollar. It is the Federal taxpayer who makes up the ridership on Amtrak.

This statement has attempted to address two areas of the State of Minnesota's relationship with Amtrak on 403(b) service between the Twin Cities and Duluth, and the long haul train service that traverses the State of Minnesota. Each situation has unique problems, but each situation has a peculiar commonality, the unwillingness and apparent inability of Amtrak to deliver an efficient, effective and reasonably charged rail passenger service to the citizens of Minnesota.

Mr. ROONEY. Thank you, Ms. Alston.

The committee's concern is about the continuing problem of the lack of communication and the irresponsibility on the part of Amtrak in keeping its agreements.

At this time has any AmFleet equipment been introduced on the line?

Ms. ALSTON. Not on the Arrowhead run, sir. We have had a promise that there will be some AmFleet equipment on the long haul trains, but I have not checked to see if they have been introduced. They were supposed to come, I believe, October 8 or 9.

Mr. ROONEY. What type of explanation has been given for the delay?

Ms. ALSTON. The explanation, generally, on the Arrowhead is the unavailability of the equipment due to this equipment being used in other services throughout the country.

Mr. ROONEY. In your statement you indicated a need for increased input concerning services and rates. I wonder if you might tell this committee how this can be implemented.

Ms. ALSTON. I think particularly in relation to services it would behoove the State and Amtrak to work together to determine what kind of travel patterns the people are using who want to use rail service.

We could work together and provide this type of information to get a good picture of where people want to go and when they want to get there, to see if these two elements could dovetail into the national system, and our Arrowhead system.

Mr. ROONEY. Thank you very much, Ms. Alston. That was a very fine statement.

**STATEMENT OF G. E. GRAY, ACTING CHIEF, DIVISION OF MASS TRANSPORTATION, CALIFORNIA DEPARTMENT OF TRANSPORTATION**

Mr. GRAY. Mr. Chairman, I appreciate the opportunity to speak today before the committee.

I wish to submit a revised statement to the subcommittee and also some supplemental information.

Sitting here for the last 2 days, there is so much that has come to mind that could be said that I don't know where to start and where to end.

In California, we have conducted some three surveys on the 403(b) service that we have between Los Angeles and San Diego. We have probably 6,000 samples representing the 680,000 passengers we have carried in the last year, which I think is a pretty good representation of the feelings of the customers.

Generally, the ridership is enthusiastic about the equipment and the service has been improving continually.

I do not agree with the bus advocates that there is not a market—there is a market—for both services.

California is a little bit unique in that we are not only providing 403(b) services on certain trains between Los Angeles and San Diego; we also have asked for additional service between Sacramento and San Diego. We have provided funds to retain the daily service of the San Joaquin which was threatened with a cut-back.

Actually, in California right now we have had no cut-backs. This was not done under 403(b). It was done by furnishing money to offset the actual out-of-pocket expenses to Amtrak and the San Joaquin service is still running every day. We have indicated that we can't do that indefinitely, and that Amtrak is going to have to try to eliminate some labor problems that exist and to look into the possibility of extending the service down to Los Angeles so that it has a more viable market.

We have also constructed an Amtrak-Bart station at Richmond, Calif., where people can go from Amtrak directly to Bart and get better service in the whole San Francisco area. This was done, except for \$50,000 in matching money from Amtrak, with almost a \$1 million in State funds.

We have earmarked over half a million dollars to improve stations between San Francisco and Sacramento and between Los Angeles and San Diego. The improvements are actually underway now between Sacramento and San Francisco on a 50-50 basis with Amtrak.

We have provided funds for additional bus feeder service and we intend to start a bus connector between Sacramento and Stockton on the 28th of this month that will coincide with the opening of the Richmond-Bart cross-platform station that I mentioned earlier.

The legislature has authorized some \$9 million per year for (and the amount of money is flexible because of the way funds are derived) intermodal station construction. We assume that this will include some Amtrak stations.

The city of Fullerton, along with the State of California, is working together with Amtrak to provide a new station there.

The county of San Diego is planning to reconstruct the station at Del Mar. The city of Anaheim, using some State funds, has proposed building a new Amtrak station.

You can see that throughout the State, local government and State government, and you heard earlier from Los Angeles County, feel they have a commitment toward Amtrak-type services.

We do that with the realization that although we have a little over 10 percent of the Nation's population and pay somewhat around 12 percent of the Federal taxes, we are probably only getting 3 percent of Amtrak's resources paid into California.

We agree with a number of the things that have been said earlier, so I won't dwell on them; that is, the problems of the single train and the expenses that they incur.

Our studies indicate that if you start an Amtrak service it costs about \$20 per train-mile for the first train. The second train in the same corridor will cost somewhere around \$11, the third train somewhere around \$9.

So the more trains you add, the less the costs per train-mile. If you can get your ridership to match that, you can come up with a pretty viable service.

In the Los Angeles-San Diego corridor we are actually meeting the above-track-cost now, in fact exceeding those Mr. Reistrup testified to earlier.

We do advertising at State expense in California. We stopped advertising this last summer because we felt we could not meet the market with the train service and the equipment that we had available.

We have found that Amtrak is approachable.

I am very surprised to hear the States saying that they have never received a letter from Amtrak. I wonder if they ever wrote a letter to Amtrak. We have no trouble in communicating. We have had trouble agreeing on things. We have a lot of the problems that were indicated in the previous testimony, but to this point, we have been able to work things out through discussions; and I hope that they continue that way.

And a little bit aside, we have set up a meeting in Sacramento to work with the county of Los Angeles people to look into the problems of the so-called Baxter Ward train. Hopefully we will be able to come up with a presentation to Amtrak that will be acceptable to all three parties.

It is interesting, however, because Mr. Reistrup indicated this would be done on above-rail-costs, so, California will be involved in working with Amtrak on three different funding bases: 403(b) service, which we agree with the other States, is not being handled properly by Amtrak; we will be paying on the basis that we are on the San Joaquin, the actual out-of-pocket expenses, the amount of money Amtrak would lose if they kept on with the 7-day-a-week service instead of the 4-day-a-week; and we will be paying on the basis of above-rail-costs—three different services, three different systems for determining costs.

An aside again, on the costs on the Los Angeles-San Diego, for instance, those trains are not on a reserve seat basis. However, Cali-

ifornia is paying part of the cost of the reservation system that is set up nationally for Amtrak based on the way that Amtrak figures their billing. We feel that in the first 6 months of the 403(b) service, we have generated over a million dollars of additional income for Amtrak at the cost of some, I think, \$600,000 in State funds for sharing half of the costs. This results from increased ridership and diffusing the overhead cost over more train-miles of service.

We feel that there is a tremendous potential for improving patronage. We have been working with Amtrak to improve the on-board services, to monitor the train operations, and to improve the track, as was stated earlier. We have some \$2 million for improving tracks between Los Angeles and San Diego.

Considering all these problems, we support the Michigan statement concerning the need for a study.

We support restoring necessary operating funds to bring them back to the place where they were before recent cuts, realizing that you destroy your market if you truncate the service. We do this with the realization that we have had no cutbacks in California because we have underwritten the cost of meeting that service goal.

We feel there is a need for a clear congressional commitment to the State 403(b) types of service. We feel that there is a difference in interpretation between what we feel is the intent of the Congress and the interpretation of Amtrak on how the billing should be done.

There is proposed legislation in connection with my testimony which basically would set up a fund of money for Amtrak to use only in 403(b) services and only to pay for the difference between solely related cost and the incremental above-rail-type costs.

In other words, to try to put it so that there is encouragement for Amtrak is to bill the States on the basis of a smaller amount of money rather than a bigger amount of money, which is the present tendency.

In summary, California feels that Amtrak needs help financially and through legislative guidance. They need some improvement in their working relationship with the railroads and reduction of some of the rules that inhibit their services and so forth.

They need time to put new equipment into operation, to work out their internal organization, and to improve on-board services.

But above all, they need the cooperation of all of us, and it has to be reciprocated on their part. We are willing to put up our share of the dollars, the time, and the effort to work with them to improve rail passenger services.

[Mr. Gray's prepared statement follows:]

STATEMENT OF G. E. GRAY, ACTING CHIEF, DIVISION OF MASS TRANSPORTATION,  
CALIFORNIA DEPARTMENT OF TRANSPORTATION

The State of California recognizes the need for retention and expansion of rail passenger service, both regionally and nationally.

The California Legislature and the Governor have demonstrated their interest in developing improved rail passenger service by passing legislation containing over \$15 million to improve intercity public transportation. We have converted these concerns into actions such as:

1. Sponsoring through Section 403b the addition of four of the present ten "San Diegan" trains which operate daily between Los Angeles and San Diego. We are pleased that ridership on the line is presently at a 681,000 annual level, as compared to 389,000 when we began the program last September 1.



2. Providing funds to retain daily service on the "San Joaquin", Amtrak's Oakland-Bakersfield train. Pending correction of an inefficient crewing agreement, we are considering extension of this valley train to Los Angeles and San Diego.

3. Construction of a station in Richmond, California which links the BART system—carrying over 130,000 daily riders—with Amtrak trains to Seattle, Portland, Chicago, Denver, Sacramento, Fresno, Los Angeles and San Diego. This facility, which will be opened later this month, was built almost entirely with State funds.

4. The State has earmarked a half a million dollars to improve stations in the San Francisco/Sacramento and Los Angeles/San Diego corridors.

5. Providing \$650,000 in additional funds for bus feeder service in support of Amtrak.

6. The Legislature has authorized in excess of \$9 million in funds for intermodal station construction. This may include proposed Amtrak stations in the San Fernando Valley north of Los Angeles and at the Oakland Coliseum. (This latter station would provide an additional location for passenger interchange with BART.)

We have carried out this program with the full awareness that Congress has yet to fully recognize the rail passenger service potential in California. Although California has over 10 percent of the Nation's population and pays almost 12 percent of Federal taxes, only about 3 percent of Amtrak's resources are allocated to California service.

We are making commitments to development of passenger rail services which are not being sustained at the national level. The national system of passenger trains gives an inadequate level of service to California usable only by vacationers and the retired. While this may have been in the name of economy, we question the economy of maintaining facilities and station personnel where they serve only one train a day.

A single train a day costs nearly as much to provide as a frequent, convenient service. Our experience with the San Diegans has shown us that five trains daily each direction are more economical to provide than three daily. We estimate that the first six months of additional service alone save Amtrak over half a million dollars. These savings come from two sources: spreading fixed costs over additional service miles resulted in reduced cost per train-mile and also new revenues were generated because more passengers were attracted to Amtrak's existing trains by the increased quality of service.

We are not happy about Amtrak's method of calculating costs for 403b service. The State was not credited with the new passengers attracted to the San Diego service, nor the lower train-mile costs achieved. We were charged \$50,000 per month which includes funds for operating stations which Amtrak would have had to operate for even the first train on the line. In total, Amtrak was able to lower its commitment in California by nearly a million dollars in a 6-month period. We are happy that their Los Angeles-San Diego corridor deficit was so sharply reduced, but would have preferred that the savings be put back into further improvement of California services since our funds spawned this savings. Instead, our successes made it possible for Amtrak to subsidize less economical services elsewhere in the country. We believe Congress should work with Amtrak by not adding to Amtrak's route miles, but instead start adding to its frequently of service in established corridors.

Th San Diegans showed us that more frequent service will give rail a significantly better market share, take cars off our overcrowded highways (47 percent of our riders used to drive), and make use of Amtrak feasible for business trips. (26 percent of San Diegan trips are business-related.) It's not possible to attract these market segments with a sparse, single-train-a-day service.

We believe that the same patronage increases and reduction of costs will occur when we make Amtrak service on other California routes more frequent. The Coast Starlight, which carried 480,000 riders in the past 12 months, is Amtrak's only train connecting Northern and Southern California. Because the Starlight ran at its maximum capacity—18 cars—much of the last year, and still has to turn away passengers, California has proposed adding a 403b train along its route by extending one of the San Diegans overnight to the Bay Area and Sacramento.

We believe Amtrak has been making considerable progress in the face of considerable obstacles.

It is dependent upon the railroad over which it operates and cannot control on-time performance—even with their incentive contracts.



It is forced to operate with a fireman on each train, a practice the railroads were allowed to discontinue over 10 years ago.

It has to abide by the 100-mile-per-day operating level. This work rule makes break-even operation virtually impossible.

Considering these problems, California recommends:

a. Support of restoring the necessary operating funds to reinstate services recently cancelled or cut back. Amtrak received no emergency funding to cope with last winter's disasters—although highway and air modes did. We need to keep Amtrak's basic system viable.

b. A clear Congressional commitment that State 403b billings are based on incremental costs only. We propose that funds also be allocated to cover Amtrak's costs for 403b services so that the tendency isn't to load the inappropriate costs onto the states. Suggested legislation for this is attached.

c. A review by Congress of Amtrak's work rules, railroad billings of Amtrak, and the relative costs of operating one or many trains on a particular route, to identify means to reduce costs per train-mile. It is only by in-depth review of these costs that Congress will be able to identify a cost-effective direction for sustenance of rail passenger service.

Section 403(d) of the National Rail Passenger Service Act (Pub. L. 91-518) is added and reads:

"403(d) (1) Under this section funds shall be made available to offset the costs for providing rail passenger service provided under agreement with the several states and shall cover only those costs categorized as the difference between fully allocated costs and solely related costs for providing service under agreements with the several states as covered under section 403(b) of the National Rail Passenger Service Act of 1970 as amended.

"(2) There is authorized to be appropriated to finance this section \$30,000,000 for the fiscal year ending September 30, 1979; \$35,000,000 for the fiscal year ending September 30, 1980 and \$40,000,000 for the fiscal year ending September 30, 1981."

Mr. ROONEY. Thank you very much, Mr. Gray, for that very fine statement.

Obviously, the State of California is doing a very fine job of taking advantage of what Congress has authorized Amtrak to do. You must be very pleased with that question that I directed to Mr. Reistrup today from Congressman Van Deerlin to add another line from San Diego to Los Angeles.

Will you have any trouble working that out with Amtrak?

Mr. GRAY. Time will tell. There are problems with the type of equipment that will be operating. We are interested in improving the service in that corridor. We want to do it on an incremental basis.

My first aim is to get the bathrooms smelling good, and they don't on that line. The stations are in pretty bad shape. I really don't want to attract too much ridership until we can provide a high level of service. I hope we can do these things together.

Mr. ROONEY. Are you in disagreement with what Mr. Ring had to say?

Mr. GRAY. Not in disagreement.

Mr. ROONEY. He wanted to start that service tomorrow.

Mr. GRAY. Yes. It won't start tomorrow. We are working with Amtrak, and I think it is a matter of maybe 2 or 3 months rather than tomorrow.

Mr. ROONEY. Aside from your concern over the section 403(b) services, do you believe that the Rail Passenger Service Act should be amended to give Amtrak more independence providing services to the States?

Mr. GRAY. Services to the States?

Mr. ROONEY. Right.

Mr. GRAY. Yes. I think we can work very well together. You haven't before had a clear case of where the modes are serving the same corridor and why the States were interested in rail service. The Los Angeles-San Diego corridor is rather unique in that there is a lot of land there, but it pretty well used up or controlled by the military.

My interest in rail service actually started 8 years ago in San Diego when I was in charge of planning in the southern end of the State. We were looking for an alternative freeway location—through Camp Pendleton a major Marine base, or through San Clemente, and similar areas.

Realizing the objections of the military and so forth, there was no obvious location.

We looked at other alternatives. The State then conducted a corridor study in the Los Angeles-San Diego corridor, looked at air improvement, looked at bus improvement, and looked at plans that included both additional bus and air service. Air travel is very cheap in California, about half the fare paid on the east coast per mile of travel.

We feel that costs will go up with energy problems and congestion on the airfields.

We have decided to use some of the increased capacity on the rail as an alternative. Even though the number of passengers is very small in that corridor, still I think we are carrying somewhere around 4 percent of the movement between the two cities. The potential and the capacity is there for a great deal more at very little cost. Once we have the track improved and have the facilities at both ends, you can add another train and it does not cost you very much.

If we had to build another freeway in that corridor, which is the alternative, the cost literally would be billions of dollars.

Mr. ROONEY. I have no further questions.

Does Mr. Malloy have any questions?

Mr. MALLOY. No, Mr. Chairman.

Mr. ELKINS. Mr. Chairman, could I make two brief statements in conclusion.

In Mr. Reistrup's concluding part of his statement, on page 15, he calls for a cooperative effort; if the system is to be shrunk, to do it jointly. We don't disagree with that, but we feel the way it is worded it is sort of symbolizes the problem we feel exists with Amtrak. He mentioned it should be cooperative between the administration and the Congress. Nowhere does the word "State" appear in the statement at any time. We feel that Mr. Gray's testimony today points out the great length to which the State of California has gone. Commissioner Hennessey, Mr. Barwis, Ms. Alston, are just typical of four States that have gone a long way to help Amtrak. We feel at the very minimum in any restructuring that the States are there ready to help. We are deeply concerned that nowhere in that statement did the word "State" appear.

In conclusion, the word "study" has come up many times. If any study is done by the committee, by Congress, we stand ready to take every available resource, including financial resources, and work with the committee to make the most meaningful study in the most objective way to determine what the course of rail passenger service should be in this country.

We greatly appreciate the opportunity. We feel the solutions are going to come from the action that has been done by the committee. Thank you.

Mr. ROONEY. Thank you, Mr. Elkins.

As the deputy director of the National Conference of State Railway Officials, I hope you will stay in close contact with the committee because there were a lot of promises made here by Mr. Reistrup and his colleagues today, and I want to assure you the intention of this committee to follow up on the cooperation he suggests he is going to give the various States.

Mr. ELKIN. Thank you.

Mr. ROONEY. That concludes our hearing.

[The following statements and letter were received for the record:]

**STATEMENT OF HON. CHALMERS P. WYLIE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OHIO, ON BEHALF OF THE OHIO RAIL TRANSPORTATION AUTHORITY**

Central Ohio, especially the Columbus and Dayton areas, is in the hub and the heartland of these United States. Over 50 percent of the Nation's population lives within a 500 mile radius of central Ohio. It would seem reasonable to believe that any railroad could and should operate successfully in this area.

It is imperative that the situation in the State of Ohio regarding Amtrak service be made clear as the Committee deliberates on Amtrak's request for a \$56 million supplemental appropriation.

For the past six months, the Ohio Rail Transportation Authority has attempted to negotiate a change in Amtrak's decision to reroute the National Limited. In the rerouting plan, Amtrak completely abandons Dayton link would make it the largest metropolitan area in the United States without rail passenger service. The Ohio RTA has attempted in every way possible to bring the principals together to negotiate some other arrangement which will avoid disastrous effects for central Ohio. Amtrak has done little except to indicate that they "will go where Conrail goes." So far, there has been no attempt by Amtrak to alter its decision to abandon Dayton.

Rerouting the National Limited away from Dayton, Ohio seems irreconcilable both with the principles of good business operations and Amtrak's just released five year plan. By its own admission, Amtrak will lose more than \$500,000.00 in gross revenues with the loss of the stops at Dayton and Richmond, Indiana. In addition, dependable and greatly increasing ridership would be lost. Historically, once ridership is lost, it is most difficult if not impossible to recapture. In a July 12, 1977 letter to Ohio RTA's Executive Director, Nat Simons, Amtrak forecasts a ridership increase of almost 400 percent as the results of recently placing Dayton on a daylight schedule.

The facts indicate that the National Limited route is an important route. It is a healthy route. It is a route important to the Dayton Metropolitan area and to the entire State of Ohio. The Amtrak five year plan released just before this hearing and widely reported in the press, shows that Amtrak thinks that the National Limited is an important route. Why then would Amtrak discontinue service to Dayton in November 1977 when within five years it plans to have the new train serving Columbus, Cincinnati and Dayton as called for in the United States Rail Association Final System Plan.

Not only has Amtrak decided to bypass Dayton, but there are also plans to reduce service from daily service to three day-a-week operations. How incongruous to both omit cities and to reduce services so drastically while approaching Congress for \$56 million in supplemental appropriations in order to maintain service! More incongruous yet is Amtrak's five year plan. This plan presents a rosy picture of growth with upgraded and increased service. The truth of the Amtrak matter in Ohio is far different. The five year plan is Amtrak's "wish list", according to one Amtrak Official, Mr. Joe Vranich.

It is essential that this committee not be misled by a "wish list". The Committee should also understand the realities in the State of Ohio. What is real is that on November 1st, Dayton, Ohio stands to become the largest metropolitan area in the United States without rail passenger service. What is real, is that

when ridership in Dayton and Richmond is lost, it will be almost impossible to recapture. What is real is that present Amtrak plans call for reducing seven day service to three day service weekly.

For these reasons, I wish the record to show that I oppose any change—any change in the current operations of the National Limited.

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STATEMENT OF JULIAN M. CARROLL, GOVERNOR, COMMONWEALTH OF KENTUCKY

The Commonwealth of Kentucky is pleased to be afforded the opportunity to provide testimony to the Sub-Committee on Transportation and Commerce, Chaired by Representative Fred B. Rooney, of Kentucky's neighbor state, West Virginia. The Oversight Hearings on Amtrak are indeed welcomed by the Commonwealth as a means of focusing attention on a sorely neglected portion of nationwide—and statewide—rail planning: passenger service.

Under the Railroad Revitalization and Regulatory Reform ("4R") Act of 1976, the nation and the states have been afforded the opportunity to work closely with the U.S. Department of Transportation and the Federal Railroad Administration in formulating a policy and implementation programs designed to produce a viable and profitable rail freight system. At present, no similar program exists for the preparation of comparable systems plans for rail passenger services.

The National Railroad Passenger Corporation, more commonly known as Amtrak, has been the sole operator and manager of passenger rail movement in the United States for slightly over five years. In those five years the Commonwealth has received many Amtrak press releases and several Amtrak Annual Reports and similar publications. However, the Commonwealth officials have never been visited by Amtrak officials, nor have they been invited to participate with Amtrak in devising schedules or other activities involving localized impacts of the three passenger rail routes presently operative in Kentucky.

As of this time, the Commonwealth is preparing a presentation for the upcoming (October 25, 1977) public hearing on "The Floridian", the passenger train in the Chicago-Miami corridor which serves Kentucky's largest city, Louisville, and several major and minor population and tourist centers south of Louisville, particularly Bowling Green. The Commonwealth is pleased that the Board of the National Railroad Passenger Corporation has chosen to hold Public Hearings on "The Floridian" rather than electing to receive only commentary of interested parties. However, we believe that the respective state departments involved in this matter could have responded in a more productive fashion had they been given the opportunity to work with the Amtrak planners and policy-makers before the alternative proposals were developed rather than on a de facto basis.

It is the opinion of the Commonwealth of Kentucky that Amtrak does not need more time or money to effectively provide long-haul passenger service of a substantially up-graded nature from present service.

What is needed is a well developed and coordinated policy planning program that will allow State participation in passenger rail transportation development. This program should be similar in scope to the provisions of the 4R Act so that total transportation services can be provided—even within an individual mode of operations.

The states in those geographical locations such as Kentucky do not want to lose passenger rail service at the expense of providing passenger rail service only for high-density rail corridors. The intent of the legislation establishing Amtrak was to provide passenger service nationwide, not just to provide specialized service for a few geographical areas.

The Commonwealth of Kentucky, therefore, wishes to impress upon the esteemed Members of Congress, whether participating in these Hearings or not, the following points about the states' relationship with Amtrak.

1. It is not only important, but a necessary part of the development of a Total Transportation System—both state and national—to have appropriate means for a close working relationship between the states and Amtrak. It is particularly important at the pre-planning and policy identification level before any action is taken to solidify a particular service proposal.

2. It is not only important, but a necessity, to upgrade passenger services in service quality, scheduling and equipment. Coordination of Amtrak, FRA and State Rail Planning and systems programming can affect the necessary roadbed and other rehabilitation needs that can produce viable passenger service.

3. Finally, it is the opinion of the Commonwealth of Kentucky that if the proper vehicle(s) for developing planned, coordinated passenger rail service through mutual, rather than unilateral, activities can be provided by the Congress. It then follows that the ways and means for making Amtrak a paying proposition can be found. While this is not to say that federal subsidies to Amtrak can be cancelled, it is the Commonwealth's opinion that the needed subsidies can be minimized. To accomplish this goal, joint action, local marketing and effective scheduling are vital necessities.

Again, the Commonwealth of Kentucky wishes to thank the Sub-Committee for the opportunity to share their opinions.

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#### STATEMENT OF RICHARD D. LAMM, GOVERNOR, STATE OF COLORADO

According to the 1970 Census, Colorado has 17 urban places (5,000-50,000 population) and four urbanized areas (over 50,000 population). Only five of the 17 urban places and only one urbanized area (Denver) have Amtrak service. The urbanized areas of Colorado Springs (250,000 population), Pueblo (120,000 population) and Boulder (75,000 population), all within a 110 mile radius of Denver, are not served by Amtrak.

Two Amtrak lines pass through Colorado daily. The San Francisco Zephyr, Trains 5 and 6, pass through Northeastern Colorado and serve Denver plus two urban places in the State. The Southwest Limited, Trains 3 and 4, pass through Southeastern Colorado and serve three urban places in the State, but no urbanized areas.

The San Francisco Zephyr line connects Chicago, Illinois and Oakland, California. The Southwest Limited line connects Chicago, Illinois and Los Angeles, California. Both lines are over 2,200 miles long. Yet there is no north-south connection between these lines east of Los Angeles or Oakland. This means major cities on one line have no Amtrak connections to major cities on the other line without being routed through Chicago or along the West Coast. This condition in itself should be considered a national concern.

We in Colorado feel Amtrak has a vital role in the transportation of people on a regional basis and a lesser role in the long-haul or semi-trans-continental transportation of people. Accordingly, long routes, such as the Chicago-West Coast routes, should be designed to provide regional service as well as trans-continental service with the primary emphasis on regional service.

The regional service provided by the San Francisco Zephyr and by the Southwest Limited could be vastly improved simply by alternating one half of the routing of each train. Examples of how this would work are as follows:

Train 5 departing Chicago could be routed on its regular routing to Denver, then south on a line not served by Amtrak to Trinidad, then along the routing of Train 3 to Los Angeles.

Train 3 departing Chicago could be routed on its regular routing to La Junta, then north to Denver, then along the routing of Train 5 to Oakland.

Train 6 departing Oakland could be routed on its regular routing to Denver, then south to La Junta, then along the routing of Train 4 to Chicago.

Train 4 departing Los Angeles could be routed on its regular routing to Trinidad, then north to Denver, then along the routing of Train 6 to Chicago.

The alternate routing between Chicago and Oakland is less than 150 miles longer than the present routing. The alternate routing between Chicago and Los Angeles is less than 50 miles longer than the present routing. Regional service would be improved because there would be two trains each direction providing daily service between the two east-west lines at a point approximately mid-way between Chicago and the West Coast. Connections between cities on one line and cities on the other line would become available. The urbanized areas of Colorado Springs and Pueblo would be added to the Amtrak network and would receive morning and evening connections to Denver and other points on both trans-continental lines. This proposal will require no new trains and will add less than 4% to the number of miles of the present operation. Cities presently receiving daily Amtrak service will continue to receive that service.

We in Colorado are very concerned about the transportation of people along the Front Range between Denver, Colorado Springs and Pueblo. There are several airline flights between Denver and Colorado Springs with a very few of the flights continuing on to Pueblo. However, these short trips are no more suited to air carrier service than are trans-continental trips to Amtrak.

The three major cities in Colorado are connected by a four-lane interstate highway. A recent transportation study conducted by the Department of Highways indicates the highway is now operating at design capacity. This study projects a tripling of person trips between the metropolitan areas of Denver and Colorado Springs by the year 2000. The existing interstate highway will be unable to provide the needed capacity for these trips. The institution of rail passenger service should be considered as a feasible alternate to building additional highway lanes.

Our proposal to criss-cross the two Amtrak lines in Colorado appears to be the most cost effective solution to meet the needs of the dramatically increasing person trips we are experiencing. An increase of 4% in the mileage of two presently operating Amtrak trains would be much less costly than the construction of additional highway lanes. Our proposal would be much more environmentally acceptable and would be much more energy efficient than providing additional highway capacity.

We urge your favorable consideration of this urgent request.

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STATEMENT SUBMITTED BY MARVIN D. MONAGHAN ON BEHALF OF REGION IX OF THE NATIONAL ASSOCIATION OF RAILROAD PASSENGERS, THE TEXAS ASSOCIATION OF RAILROAD PASSENGERS AND THE DALLAS CITY-COUNTY AMTRAK COMMITTEE

Mr. Chairman, and members of the Committee, the opportunity of presenting testimony built around the viewpoint of the consumer and focusing in upon the specific problems and shortcomings of Amtrak and its operations is greatly appreciated.

The basis of our contentions is that Amtrak is totally neglecting to serve the market demands, both from the standpoint of quality and quantity, of the greater part of the nation which has, in turn, caused earning potentials to remain far below par thereby creating the need for inordinate subsidies. In doing so Amtrak is proceeding in defiance of the mandate of Congress which stated that a nationwide network of rail passenger service would be developed and maintained, and is making financial demands of Congress that should be met instead with revenues generated at the ticket counter—and would be if the house were placed in order.

In connection with these contentions it is our desire to discuss herein the following related issues:

1. The current tactics of the Department of Transportation are to be deplored which clearly constitute attempts to bludgeon numerous long-haul Amtrak routes by their insistence on applying the route criteria in situations wherein the routes have never been granted even a ghost of a chance for success. This is due to repeated abuse in the form of slovenly operations by recalcitrant railroad managements, consistent equipment failures, air-conditioning in particular, and lack of aggressive action in moving trains from circuitous routes of low market potential to heavily used traffic arteries. It is inconceivable that a route should be forced to measure up to a prescribed standard when it has never had an opportunity to succeed in the first place. The emphasis of DOT should be toward increasing marketability and earnings which does not require a costly and protracted route criteria procedure to accomplish. A dedication to purpose and aggressive pursuit of goals is sufficient.

2. As mentioned in the foregoing paragraph, probably the greatest of Amtrak's shortcomings is their failure to adopt policies which would lead to practical and economical means of equipping their car fleet with dependable head-end powered electrical, air-conditioning and heating systems. While a reasonable and affordable program of purchasing new cars was in order, a concurrent program of equipping the 1,500 or more existing cars with modern systems was totally neglected. Probably no other failure has had such adverse repercussions. If a train's cooling becomes unoperative, nothing else matters; it instantly becomes totally unmarketable. In 1974 we learned that the Ringling Bros. Circus people had converted their

trains to modern head-end power for a very nominal cost. Data pertaining to this project was collected and submitted to Amtrak for investigation, but a deaf ear was turned. (See attached Exhibit A). Finally they have begun a conversion of too few cars much too late. Patrons will not invest large sums of money in long, high revenue travel purchases until they are assured of quality service. This essential market has been greatly attenuated. A vast and prompt expansion of this conversion program is a must with specific capital appropriations granted to cover the cost. The cost of conversion is approximately one-sixth the cost of a new car.

3. When the Amtrak concept was created and formulated into law, it, like most legislation, constituted a compromise. When the compromise was reached and the law passed, ostensibly the participants entered into a good faith agreement to make the concept work—which was dedication toward the revitalization of intercity rail passenger service nationwide. It is a well documented fact that many railroad managements actively downgraded their passenger services during the twenty years prior to Amtrak. Instead of upholding their commitment and reversing such practices upon joining Amtrak these managements relentlessly pursued the same tactics after the advent of Amtrak as they had before thus repudiating their portion of the agreement and making it more difficult for the concept to succeed. Obstructive tactics have become highly evident in issues involving operating speeds, routings, priorities of passenger trains and other matters involving operations which must be trusted to the integrity of the railroads who contract to handle Amtrak's trains under the law. Their failure to comply with these contractual obligations, along with Amtrak's own lack of aggressiveness has caused millions of dollars of the public's tax money to be wasted which should have, by now, produced the beginnings of a truly attractive and viable nationwide rail passenger system.

4. Another facet of Amtrak economics is also deplored having to do with comparable capabilities of the Northeast Corridor and the remainder of the system. Amtrak consistently attempts to create the impression that the Corridor is a financially sound and money-making affair whereas the long-haul routes are inherently incapable of any degree of financial viability. The two entities, if properly exposed, might be viewed as follows:

A. The long-haul routes, although subjected to the worst possible disasters during the past year such as equipment failures, winter weather catastrophes, imprudent routings, operational abuses by railroads (Exhibit B attached), management prejudice and neglect, schedule cut-backs and numerous other forms of harassment, have demonstrated in several cases their ability to produce revenues in excess of direct costs (Exhibit C attached) and their patronage has grown steadily to 60% of the system passenger-miles in FY 1976. Consistent increases have been projected for the coming years. In studying their financial picture it is apparent that, in reality, Congress has established a comprehensive set of fixed facilities for a nationwide network but has failed to equip it with a sufficient number of trains to make the system fully attractive and marketable. The result is that the costs of these facilities are not adequately spread since too few trains make use of them. This causes an unrealistic proportion of allocated costs to be charged to each long-haul train thereby distorting its earning ability. Additional trains strategically located will not only lower these allocated costs per train but will increase marketability and profitability. It might be pointed out that, by the same token, if any given existing train is discontinued, many of the allocated costs will remain and simply be reallocated to other existing routes since some facilities are shared among several trains, particularly the large union stations and maintenance installations. Since these allocated costs do not increase materially with the addition of trains, any direct profits that accrue can be directed toward the liquidation of the expenses of fixed facilities. It is strongly felt that the portion of the system outside the Northeast Corridor could operate more effectively on an autonomous basis with the base of operations moved to Chicago which is the hub of the nation's rail movement. Marketing should be further localized so as to register sensitivity to the needs and attractions that are indigenous to the various locales served by Amtrak. Present marketing efforts are far too stereotyped and often inappropriate.

B. On the other hand, the Northeast Corridor which has been so highly touted as a money making operation has been fully equipped with new or modern cars for over a year, was not so severely affected by extreme cold weather as the Midwest during the past winter season, and has not suffered from the neglect and



operational abuses heaped upon the long-hauls, has shown an increased proclivity for losing money with a train operating deficit of \$92 million in FY 1977, up from \$82 million in 1976, and an apparent total deficit of over \$130 million. All of this in spite of the fact that fixed facilities are heavily used and their costs adequately spread. Present performance of the Northeast Corridor implies that the 2% of Amtrak's route miles which it represents are accountable for 18% of the annual operating deficit. Future possibilities reveal alarming additional expenses if claims promoted by Penn Central bankruptcy claimants fall on the shoulders of Amtrak as a property owning and operating agency in so far as the Northeast Corridor is concerned. (Exhibit D attached). This brings up the question as to whether the increasing financial liabilities of the Corridor might prompt Amtrak to raid the funds of the long-hauls to shore up its failing status. It also suggests that separate funding might provide a means of assuring against this eventuality.

To summarize, it is time that the Northeast Corridor should come to be regarded as an expensive social necessity with the admitted possibility that the more people it carries, the more money it may lose due to its short-haul, low revenue per passenger characteristic. This same problem forced numerous short-haul Eastern freight railroads into bankruptcy as the line haul did not produce enough revenue to offset cost of soliciting, loading and servicing. The Corridor can be justified in the same realistic manner in which the foreign countries realistically evaluate their railroad deficits. They consider them as less expensive than the alternatives that would prevail if the railroads did not exist.

It is also past time that the long-haul routes be given their day in court with a reasonable opportunity to prove what they can accomplish. (Exhibit E attached). As fuel costs or availabilities become more problematical the automobile can still provide transportation over short distances at an affordable cost. The long distances are another matter and the long-haul trains fill the need avoiding the discomfort of the bus and the high cost of air travel. In the meantime they constitute a nucleus for needed expansion to meet future transportation requirements and unpredictable emergencies and fit perfectly into the nation's fastest growing industry which is tourism. Moreover, their presence and availability, as long as energy constraints do not drastically alter our way of life, assures the time-honored principle of "Freedom of Choice" as applied to travel which the American way of life attempts to provide. It should be emphasized that Amtrak's financial statements for FY 1977 are in no way acceptable as representative of the performance capability of long-haul passenger trains. The disasters which lurk behind them have canceled any validity that they might hold and many months will be required to re-establish lost levels of integrity in the minds of the public who have been disillusioned by the multitudes of devastating and unnecessary failures committed by Amtrak. In the figures for FY 1976 a very different type of story had begun to unfold with four long-haul routes manifesting direct profits and several others in reach of it. This trend could have grown had not the disasters occurred. Amtrak must return to this point and build from there. The solution is not to meat-axe the trains on the basis of returns that are no more than could be expected in view of the poverty level of performance that has existed. The poverty cycle must be broken.

5. Another unacceptable situation is the militant abuse and propaganda directed toward Amtrak by the bus companies. If their contention is true that tax supported rail transportation is destroying their business then the highway system should not have been built in the first place. Their construction clearly marked the beginning of the decline of the railroads in this country by providing cheap tax supported right-of-way for the buses and trucks. In spite of dramatic improvement in the nation's highways during the past 20 years, discontinuation of most rail passenger service, and active promotion of bus service, a continual decline in bus patronage has occurred clearly indicating a rejection of this mode of travel by the public as far as general travel is concerned. Attempts to force their concepts upon the populace should be ignored and they should be interfaced with other modes of transportation rather than permitted to dominate. (Exhibit F attached).

6. It is our recommendation that Amtrak be granted the necessary supplemental appropriations to remove it from its present predicament, however this must be accompanied by a solid proposal and program designed to prevent the perpetuation of the predicament. A reasonable capital expenditure should be granted to make the entire fleet of cars and locomotives serviceable and depend-



able by means of conversion to head-end power. Also, an ultimatum should be delivered to Amtrak's management directing that their house be placed in order and their earning power optimized so as to render outsize and continually escalating subsidies unnecessary. Congress represents the people. The people are not responsible for Amtrak's shortcomings yet they are the ones who are deprived when trains are cut back because of poor management and performance on the part of Amtrak. Any corrective measures taken should make the management of Amtrak the recipient of punitive action, not the public. It is quite clear that only a small part of Amtrak's budget and deficit is involved in the operation of trains. A disproportionate amount is obviously attributable to a multi-layered inefficient and bureaucratic organizational structure which is unresponsive and unproductive. Amtrak needs fewer bean counters and more electricians yet the bureaucracy has grown while productive labor has been reduced. Endless committees and panels are required to render decisions which could be supplied by capable, knowledgeable and aggressive executive leadership. Almost seven years have passed and Amtrak has fallen far short of the goal set by Congress of implementing an attractive and marketable nationwide rail passenger system.

It is called to your attention that several exhibits are attached for the purpose of further illustrating the points we have made. We shall welcome any further requests for information or other correspondence that your Committee might wish to communicate to us. Thank you for permitting us to make known our views relating to this issue.

#### EXHIBIT A

DALLAS CITY-COUNTY AMTRAK COMMITTEE,  
Garland, Tex., May 21, 1976.

Mr. PAUL H. REISTRUP,  
President, Amtrak,  
Washington, D.C.

DEAR MR. REISTRUP: During our visit last month there was one other important issue I would like to have discussed with you but time did not permit. The enclosed file was developed at the direction of Charlie Luna when he learned the significance that the issue might hold for Amtrak.

It appears incredible that Amtrak would be involved in a lawsuit or litigation with the only firm in the nation having broad experience in the conversion of existing conventional railroad passenger cars to head-end power and air-conditioning.

Evidence indicates that it was a going project with Amtrak until Mr. Harry Clarke died suddenly at which time it abruptly passed into limbo. Beyond that point the trail seems to end at Mr. Schmidt. Apparently he neglected to follow through or failed to comprehend the significance of the project and its important relationship to Amtrak's equipment problems. Mr. Schmidt states that R. L. Anderson failed to respond to a bid for re-equipping a 10-6 sleeping car recently. It is easy to see why he did not following the treatment he has received from Amtrak's equipment department.

I cannot help but believe that the Anderson Corp. would be interested in continuing this project if properly approached by someone higher up in Amtrak who made an effort to atone for previous behavior. Obviously Anderson has lost faith in the organization.

Please note the positive attitude displayed by Auto-Train toward the restoration of existing cars, and they are making money! This is exhibited in the enclosed letter from Mr. Garfield to "Trains" Magazine.

I would urge you to review this program in depth and try to get to the bottom of it. Indications are that old cars can be converted at considerably less cost than is implied from other bids.

Sincerest regards,

M. D. MONAGHAN.

R. L. ANDERSON, INC.,  
Venice, Fla., January 13, 1976.

Mr. M. D. MONAGHAN,  
Dallas City-County Amtrak Committee,  
Garland, Tex.

DEAR MR. MONAGHAN: Thank you for your letter of January 6, 1976. However, we have hired counsel to recover costs associated with engineering and the

preparation of an estimate of cost to refurbish these Amtrak cars. Further, our creditability with our suppliers has been damaged to such an extent that we feel it would be impractical to try to re-establish ties with them to the end that cars could be rebuilt by our firm.

Therefore, we are making no further attempt to acquire this work. Our total efforts are now being funneled toward collection of our expenses.

Thank you again for your help.

Yours truly,

ROBERT L. ANDERSON, *President.*

R. L. ANDERSON, INC.,  
Venice, Fla., November 19, 1975.

Mr. J. J. SCHMIDT,  
Major Equipment Development,  
National Railroad Passenger Corporation,  
Washington, D.C.

DEAR MR. SCHMIDT: As you are aware, we were contacted by Mr. Harry Clark in January of 1975, to discuss air conditioning and electrical work to be performed on older Amtrak passenger cars.

We were, at that time, requested to "submit a price for removing all the old equipment, to manufacture and apply" our "air conditioning equipment and temperature control, which was to be built from Carrier components; apply wire, conduit, junction boxes, and receptables in accordance with Metro Shell standards." We were "to apply the necessary batteries and charger transformers as furnished by Amtrak." We were "to furnish and apply the necessary overhead and floor heat."

We further requested to "arrange a meeting with Budd so that we could observe their wiring of the Metro Shell;" at that point, we were to be in a position to provide Amtrak with a price for doing one car.

It was necessary to ask Carrier Corporation as well as Honeywell Corporation to assist in the design of air conditioning and heating systems. Therefore, a considerable amount of time and money was expended in trips, phone calls, and materials to prepare this estimate. Mr. Clark requested that a representative from the electrical contractor and myself attend a meeting in Washington with you and he for the purpose of discussing our completed estimate. This meeting was held. Our quotation was discussed and, I am sure you recall, was very favorably received by you. We further discussed your quotation and contracting procedures and the fact that the first car would probably be in our hands by mid-May. We were given the impression by yourself and Mr. Clark that we would perform this work. Further, as Mr. Clark walked us to the elevator, he again stated that we would be sent a car by mid-May and that he was "happy that our negotiations had led to this end."

Now it is obvious that after our 8-months of work and study, Amtrak is going another way. It further appears that your firm has decided not to honor your oral commitments to us.

We have expended considerable funds in the following:

1. Travel (per your request).
2. Engineering and design.
3. Time (mine and other subcontractors).
4. Fabrication of various items to be used in the air conditioning system in order not to hold up progress (frame work for shake tests).
5. Rail track rental.
6. Fabrication of support structure to hold cars at a good working height.
7. Arranging a qualified chain of subcontractors to perform the work.
8. Telephone and telegraph.

In all, we have expended over \$13,000.00 not including the value of my own time (approximately 5 months of concentrated effort).

We are, therefore, requesting that Amtrak issue a purchase order in the amount of \$13,000.00 and that these funds be paid to our firm for disbursement to those firms and individuals who are now being asked to foot the bill because Amtrak has now decided that they do not want to honor this commitment.

Please contact me at your earliest convenience regarding this matter.

Yours truly,

ROBERT L. ANDERSON, *President.*

R. L. ANDERSON, INC.,  
Venice, Fla., November 18, 1975.

Mr. M. D. MONAGHAN,  
Dallas City-County Amtrak Commission,  
Garland, Tex.

DEAR MR. MONAGHAN: Thank you for your letter of November 13.

Negotiations between Amtrak and ourselves seem for all practical purposes, to be terminated. It seems since Mr. Clark died, total confusion is the order of the day.

I have had numerous conversations with officials at Amtrak wherein our situation was discussed. However, no further action has been taken on Mr. Clark's commitment to our firm.

We have expended approximately \$11,000.00 in order to prepare estimates of costs of the work to be performed, and we have fabricated various items to be used in this work. We did this on oral commitments of Mr. Clark and Mr. Schmidt.

It now seems Amtrak is going another way and we would certainly like to be reimbursed for our efforts. I personally expended six months of my time to be of service to Amtrak and to prepare estimates based on knowledge I gained over this period of time. Further, various individuals and companies expended considerable time and money on this project. All this was based on Mr. Clark's statement that we would do the work.

We have not had even a call from Amtrak since Mr. Clark's death, so we must assume the project died with him. We will certainly attempt to recover our costs incurred over the period of time in question.

Thanks again for your help.

Yours truly,

ROBERT L. ANDERSON, *President.*

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DALLAS CITY-COUNTY AMTRAK COMMITTEE,  
Garland, Tex., November 13, 1975.

Mr. R. L. ANDERSON,  
President, R. L. Anderson, Inc.,  
Venice, Fla.

DEAR MR. ANDERSON: We have been wondering if negotiations are still in progress between your company and Amtrak regarding the re-equipping of one or more passenger cars as you mentioned in your last letter of April 21.

Since Harry Clark died Mr. Luna has not been able to ascertain if the project is still active or if it may have fallen by the wayside. There has been a considerable amount of restructuring of the personnel since the new administration took over and various programs have been affected accordingly.

The new President, Paul H. Reistrup, seems to be imbued with the idea that new cars are the only real answer but I am of the notion that he cannot survive the interim period that will ensue until a sufficient number of new cars can be made available. This is particularly true if any expansion of the service is provided. I believe that more will be spent in a vain attempt to maintain the old systems than conversions would cost. If the cost of constructing car bodies continues to rise the conversions will be more economical than ever.

It would be good to hear from you again and learn the status of things. Let us know if we might do something to expedite the project.

Sincerely yours,

M. D. MONAGHAN.

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R. L. ANDERSON, INC.,  
Venice, Fla., April 21, 1975.

Mr. M. D. MONAGHAN,  
Dallas City-County Amtrak Committee  
Garland, Tex.

DEAR MR. MONAGHAN: Thank you for your letter of April 17.

We are awaiting a purchase order from Amtrak to cover the estimated cost of remodeling a pilot car.

We are to completely rewire and re-air condition each car as well as provide other services as outlined by Amtrak. In short, we are to completely rebuild the underside of the car.

A lot of our systems are in the developmental stages and therefore, we feel we must proceed slowly in order to assure their proper functioning. However, we will contact the various people you mention when we are sure our systems will meet their needs.

Thanks again for your help.

Yours truly,

ROBERT L. ANDERSON,  
*President.*

R. L. ANDERSON, INC.,  
*Venice, Fla., March 18, 1975.*

Mr. M. D. MONAGHAN,  
*Member and Advisor,  
Dallas-City-County Amtrak Committee,  
Garland, Tex.*

DEAR MR. MONAGHAN: We have been negotiating with Mr. Harry Clark of Amtrak for the past two months to the end that our firm might rebuild an existing car in Venice. We would completely rewire the cars to new car specs, replace the air conditioning with a system designed by Carrier Corporation, and ourselves, and provide various other up-dates to miscellaneous components.

I will be meeting in Washington, hopefully, within the next two weeks to discuss costs and logistics with Mr. Clark and others. Therefore, the information regarding Mr. Lewis will be quite helpful.

I would like to thank you for your help. Please know that regardless of the outcome of the negotiations, we deeply appreciate your efforts. We will keep you informed as time passes.

Yours truly,

ROBERT L. ANDERSON,  
*President.*

R. L. ANDERSON, INC.,  
*Venice, Fla., December 12, 1974.*

Mr. M. D. Monaghan,  
*Dallas-City-County Amtrak Committee,  
Garland, Tex.*

DEAR MR. MONAGHAN: After examining Mr. King's letter of December 2, 1974, to Mr. Charles Luna, we feel we must correct some obvious misunderstanding or misinterpretation by Mr. King of information supplied to you by myself via my letter of October 22, 1974.

First of all, the air conditioning systems installed by us in the Ringling "Red Train" are only 2-3 years old and not 18 years old as is Mr. King's understanding. The cost of each system was approximately \$7,000.00. This price included all equipment (compressors, condensers, evaporator coils, furnaces, duct work, grilles, and controls) as well as the installation of same (all labor). The only cost not included was the cost of wiring which was installed by Anderson Electric (Venice, Florida, P.O. Box 1585—A.C. 813-488-6794, contact Mr. Ralph Anderson). Therefore, Mr. King's information as to our costs is in error.

The use of these trains for the circus is unique. It is true that these units do not move nearly as much as the Amtrak cars. However, one only needs to travel a short distance with the Ringling train to discover the tremendous abuse these units take due to improper use and maintenance. Some of the problems encountered are:

(1) Occupants cannot speak English, in many cases, so when they get too cold, instead of turning the cooling system off, they sometimes break the thermostat with a shoe, and of course, the unit stops.

(2) Occupants are constantly covering return air openings with dirty clothes causing the units to shut off on pressure controls.

However, proper safeguards have been installed to eliminate damage to the equipment and therefore, these units are quite satisfactory. These safeguards are included in our price.

Mr. King states that ten tons of cooling are required to condition each car. The addition of the additional tonnage by our firm in a sample car would add approximately \$1,500.00 to the installed price. Therefore, a total price per car would be around \$8,500.00 plus wiring if the following could be incorporated:

(1) Use of existing evaporator equipment.

(2) Installation of electric heat in conjunction with the present blower systems and duct work.

Mr. King mentions splitting the air conditioning load in a car into two units to avoid total loss of cooling. I too am in favor of this. However, his stated cost of \$15,000 per car for equipment alone without its installation is unbelievable. Equipment cost alone should be half this cost. Therefore, I would recommend to Mr. King that he reevaluate his source of supply. He goes on to state that the price includes electric heat and controls which is certainly the smallest part of the price.

An electric heater large enough to provide a 70° temperature difference between outside and inside would sell for approximately \$250,000 with controls.

440 volt equipment would be no problem to provide as the motors are purchased separately and strip heaters are made to order.

We are *not* recommending oil heat be installed due to fire hazard and poor draft conditions. Further, the installation of oil heat requires space not available in these cars.

In summation, we feel that portions of the existing systems can be utilized in order to keep the cost down and therefore, your thinking, in my opinion, is sound regarding the use of our style of system in the older cars to extend their life and reduce the maintenance costs.

Further, the removal of axle drives, batteries, generators, and steam lines would constitute a rather large savings in maintenance of these items as well as fuel expended to move the weight they represent.

We hope we have helped you in your efforts to control the mounting costs of transportation, because it is in our interests to have Amtrak succeed.

Any further help I might provide will be supplied immediately upon your request.

Very truly yours,

ROBERT L. ANDERSON,  
*President.*

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NATIONAL RAILROAD PASSENGER CORP.,  
*Washington, D.C., December 2, 1974.*

Mr. CHARLES LUNA,  
*Dallas, Tex.*

DEAR CHARLIE: At the last Board Meeting you asked me to look into the attached letter on air conditioning as provided by R. L. Anderson, Inc. for Ringling Brothers Circus.

We have learned that the circus train air conditioning system was installed approximately 18 years ago and that the cost of the 7 ton compressor/condenser and evaporator was \$5,000 at that time. The heating was an oil-fired burner in one end of the car. Installation costs were not included, but we estimate the application of the equipment and ducts was about \$2,000 to \$3,000. No cost is available for the installation of the electrical train line or headened power plant.

This equipment serves primarily as a wayside hotel during extended stops of the circus train and generally carries a maximum of 32 people in each car. The hours of service underway is not at all comparable to typical Amtrak annual mileage and running time.

Our cars require about 10 tons of air conditioning to make them comfortable with their full loads of 84 passengers. Since this is the cooling capacity which must be maintained during the entire period between heavy overhauls, it is actually necessary to provide a higher initial capacity to allow for reduction in capacity due to dirt buildup on cooling coils and other gradual deterioration associated with normal train service.

Because air conditioning failures have continued to be a major problem on all old and new rail cars, we have further tried to improve reliability by going to a split plant type of installation which provides about 20 percent redundancy in total capacity and almost eliminates the probability of a complete air conditioning failure in a car. Our bare equipment cost for such a system today is \$15,000 to which the installation cost must be added. Further, our air conditioning equipment includes the electric heat and controls to provide all-year comfort. We could not use fuel oil burners for heat in our passenger cars.

The material cost of an electric trainline is in excess of \$12,000 per car. Installation and rewiring extra. Once we convert the air conditioning equipment

to 440 volt, 30, 60 Hertz, it would seem poor practice not to convert the remainder of the electrical system on the car to A.C. from D.C., eliminating axle drives, generators, large batteries, and eliminating steam from the heating system.

I hope this explanation meets your satisfaction and if you have any questions I will be glad to provide you with the answers.

Sincerely,

F. S. KING,  
Vice President—Operations.

DALLAS CITY-COUNTY AMTRAK COMMITTEE,  
Garland, Tex., December 6, 1974.

Mr. R. L. ANDERSON,  
President, R. L. Anderson, Inc.,  
Venice, Fla.

DEAR MR. ANDERSON: This correspondence relates to our earlier letters discussing application of the circus type of air-conditioning.

In answering Mr. Luna it is apparent that Mr. King is not clear on several points. First, we are not suggesting that the circus type A/C be used on the new cars being ordered or the older stainless steel cars that are to be renovated completely for indefinite use. We are suggesting this for application to the older cars that do not merit the twin modular units since they eventually will be removed from service and merely need an inexpensive but dependable system that will provide reliable function for several more years without the continual headaches of obsolete parts, dissimilar systems and constant failures.

Therefore, we are not talking about a system to cool a capacity of 84 passengers such as the proposed bi-level cars, regular single level cars of up to approximately 60 passengers would be involved.

Mr. King apparently does not understand that no ductwork would be involved in Amtrak cars since the interior would not be changed nor would evaporators be changed out, merely motors, condensers, compressors and controls would be involved. We apparently did not make it clear that oil heat was not proposed on Amtrak cars and that electrical heat could very easily be installed with the other components.

It should also be made clear to Mr. King that removal of axle drives, batteries, generators and steam lines constitutes a savings rather than an expense as maintenance is reduced and obsolescent parts are deleted. Electrical trainlines are to be a part of all new cars along with locomotive mounted electrical generators in new motive power.

I suggest that you go over Mr. King's letter and make comments concerning his statements that would bring the issue into clearer focus particularly in regard to costs and capacities. If you again write to me concerning this subject I will see that it is passed along and we will continue with our efforts to make Amtrak realize that the cooling fiascos of last summer must not be repeated and that proper remedial measures will actually constitute a saving rather than an expense.

Sincerely yours,

M. D. MONAGHAN,  
Member and Advisor.

CARRIER TRANSICOLD CO.  
Syracuse N.Y., November 13, 1974.

DALLAS CITY-COUNTY AMTRAK COMMITTEE,  
Garland, Tex.

Attention: Mr. M. D. Monaghan Member and Advisor.

GENTLEMEN: Your exchange of correspondence with R. L. Anderson, Inc., concerning the air conditioning system they installed on rail cars has been referred to this office for whatever assistance we can offer.

The Carrier Transicold Division of Carrier Corporation is responsible for marketing special design equipment for the transportation industry. One of the areas we are very active in is rail car air conditioning.

We go to market through the Safety Electric Company who design and install the complete air conditioning system as well as other electrical components on the car. We manufacture the special compressors, coils, receivers, etc., for these applications. Safety and Carrier recently received the order for air conditioning on the 257 cars for Amtrak being built by the Bud Company.

Safety Electric has been working with Amtrak on several programs to update some of the existing equipment, one of which is to utilize air condensers.

I would be pleased to pass along any specific information you desire, or assist your efforts in any way.

Very truly yours,

IVOR S. PELSUE,  
Product Sales Manager.

R. L. ANDERSON, INC.  
Venice, Fla., October 22, 1974.

DALLAS CITY-COUNTY AMTRAK COMMITTEE,  
Garland, Tex.

Attention: Mr. M. D. Monaghan, Member and Advisor.

DEAR MR. MONAGHAN: I have received your letter wherein you ask for information regarding the air conditioning system installed by our firm in the "red train" for Ringling Brothers Circus. This installation of equipment was accomplished after extensive testing to determine the heat gain and loss through the walls of the cars. It was decided that 7½ tons of cooling and approximately 40,000 BTU/hour of heating was required for this application.

Inasmuch as there was no cooling unit on the market to accomplish this job and still stay within the size limitations, it was necessary to build a condensing unit from miscellaneous components available using Carrier compressors as a base.

For heating we selected 12 K. W. two-stage electric flash coil heaters. However, Ringling could not provide enough generating power to drive these heaters. We, therefore, switched to oil fired furnaces, which is not the best choice by far for this application, due to draft problems and widely varying outdoor temperatures. The furnace seemed to be the best compromise. (Electric heat would be ideal for this application because of much lower initial cost, less space is used, and maintenance is near zero.)

In most cases, the old duct work could not be used because of Ringling's need to build in life support systems such as winter storage tanks. The installation of these devices took up space occupied by the existing duct systems. We therefore ran conventional duct systems in drop ceiling areas over the hallways. It would seem that the duct systems installed in your cars could be reused because you do not partition your cars like Ringling. Possibly the air handler section could also be used if electric heat could be utilized.

The Ringling Installations cost between \$6,000.00-\$8,000.00 per car. However, a good portion of this cost was due to the unusual duct systems. It is probably true, however, that the cost of this installation is less in our area because of the fact that there is an abundance of lower cost labor.

We hope the above information is what you are seeking. We would be happy to meet with you or your representatives at a later date to discuss these installations further.

Very truly yours,

ROBERT L. ANDERSON,  
President.

[From the Arkansas Gazette, July 26, 1977]

#### EXHIBIT B

#### KEEP 'EM ROLLING

Downley B. Pinks, chairman of the board of the Purgatory and Pacific Railroad, pushes down the button on his office intercom and yells, "Ever'body get their selves in here."

A great rumble roars in corridors and stairwells all over the Purgatory and Pacific general offices and in two minutes flat the entire building staff, except Miss Snitt the telephone operator, are cowering and twisting hats before the desk of the head executive.

"What I want to know is," yells Pinks at his staff, "Is how come you let the Amtrak train run on time *twice* last month?"

There's a nervous shuffle of feet as staffers try to jockey around to get invisible behind one another.

"That's a hell of a way to run a railroad, and there's gonna be some cabooses kicked if it don't stop."

Dudley Dust, vice president for operations, clears his throat and nervously tries to get out a word.

"Dang it, Dust. Shut up! When I want your nickle's worth I'll shake it out of you."

Dust sinks back into the crowd, which parts slightly to admit him.

"Now let me tell you one thing. And you take this back and tell it to every engineer and conductor on this railroad. That if they *ever* . . . if they ever let that rattletap Amtrak train run on time again on *this* railroad that they better start looking for a job on the Rock Island."

There are tentative nods of affirmation and mumbles of assent.

"Now, Dust," grumps Pinks to the operations officer, "do you think you've pulled your wits together enough to get a plain American sentence out of that oversized mouth of yours?"

Dust groans inwardly, but steps forward again.

"I was just gonna say, chief, that we divert the Amtrak train into every side track between St. Louis and Laredo, even for cross-tie trains and handcars. But sometimes there's just *ain't* no freight trains to put Amtrak in the siding for. That's what happened when Amtrak ran on time twice last month. Business was off between Texarkana and Little Rock, and the Amtrak train made up time."

"I don't want no lame excuses, Dust. I want action. If there ain't a freight train around, I want you to hold the Amtrak train where it is until there *is* a freight train! We'll show 'em who's running this railroad. It ain't no striped-tie throwed-out laid-back ex-IC yahoo behind a desk in Washington."

"I'll send out a general order right away, ehlef."

"And one other thing, Dust. Don't you know there's an ironbound policy on this railroad that no engineer is *ever* to make up time on a passenger train. If he gets three hours behind, then he *stays* three hours behind."

Dust makes a note in his memo pad.

"Er . . . chief." It's the voice of Hamley Hamley, the chief legal counsel. "I've got a little good news and a little bad news."

"Gimme the good news first, Hamley. Then gimme the bad. And then get out of here."

"Well, the good news is that we've just won our lawsuit against Widow Poorley who let her cow run into one of our trains. She's been required to buy us a new locomotive, to replace the one that the cow broke, and to pay us \$50,000 punitive damages."

"Not bad, Hamley. Send a current calendar to all the jurors. Now what's the bad news?"

"Well, I hate to spoil your good humor, ehlef, but Amtrak has just filed a lawsuit against the Purgatory and Pacific Railroad."

"They wouldn't *dare*," says Pinks, squinting through slitty eyes.

"They dared all right, chief."

"What do they allege?"

"They allege that they are gonna put *you* in the jail house, and maybe under it, if you don't get the Amtrak train running on time on this railroad. And they are asking a penalty of \$5,000 for every passenger that ain't smiling when he steps off the train."

Pinks drops back into his chair and stares at the wall. The staff members quietly tiptoe out of the room. Hamley stares out of the window.

The End.

#### EXHIBIT B(2)

BLUE SKIES TRAVEL AGENCY, INC.,  
Fort Worth, Tex., July 26, 1977.

Mr. JOHN ANDERSON,  
National Railroad Passenger Corp.,  
Houston, Tex.

DEAR JOHN: As requested by you during our telephone conversation today, I am writing to tell you of the problems encountered by the Alpha Delta Kappa group on train #16 from Dallas to Chicago, July 23. The group consisted of 23 teachers, several of them elderly, who were on their way to attend a convention in Chicago. Although the lead to this group was given to me by Wayne Lambert, I spent a great deal of my time and no small amount of money in long distance calls in getting all of the arrangements nailed down. These arrangements were somewhat unusual in that members of the group were boarding in several cities



along the route of the train. Two people got on in Temple, nine in Dallas, four in Fort Worth, and eight in Oklahoma City.

It was to the entire group's advantage to use the Dallas/Chicago group fare (with a Temple/Ft. Worth local fare for those two people) and I put them all on a single group ticket. Even though the Amtrak group desk had assured me that all stations and conductors had been advised of what would be happening (I also wrote letters to the stations at Oklahoma City and Dallas), I have ridden Amtrak enough to be concerned that all might not go as planned and promised, and I decided to travel at my own expense as far as Newton, Kansas to help with any problems and return to Fort Worth on the southbound train. Little did I know what I was letting myself in for on that day. I can truthfully say without any exaggeration that I have never worked as hard to overcome problems encountered by groups that I was accompanying.

To begin with, the train was an hour and a half late leaving Fort Worth, due in the past to the track being blocked by the southbound *Lone Star* which was having mechanical problems. There was a large crowd in the station waiting to board the train. I became concerned about getting my four people in the same car with the Dallas people, so I went ahead and put them in the Dallas coach before #16 arrived. That was a fortunate move in that the train left Fort Worth with 24 more passengers than seats. We were also fortunate in that while several of the cars were running hot the air conditioner in ours worked beautifully. The diner was so hot that the conductor ordered it closed. One by one the air conditioning in the other cars began to fail. I had tipped our porter \$5.00 to move the two people from Temple out of their hot car into ours when we got to Oklahoma City, but our air conditioning failed about an hour before arrival there.

Checking with the porter before getting to Oklahoma City I realized that there would not be enough seats for my eight people boarding there, let alone any other passengers. The scene upon arrival was one of complete chaos. The conductor announced that there were neither seats nor air conditioning on the train and advised the people not to board. I tried to get my people on anyway and the porters in each car refused to let them on. The conductor was no help at all, stating that he had received the train in Purcell in that condition and he could do nothing about the situation. At first my Oklahoma people decided not to go and I had to sprint the full length of the train four times in order to get their checked luggage out of the baggage car. By the time I got back to them several of them had decided to board despite the heat and lack of seats. This move was altered, however, by the group leader from Fort Worth, who got off the train to tell me that she was concerned about the health of several of the older teachers and having doubts about whether or not to continue.

Our questions about the possibility of alternate transportations went unanswered by the conductor who continued to display an unsingular attitude of lack of concern to our problem and a sole desire to get the train moving, no matter what the condition of the people inside. I finally decided after consulting with the group to pull our people off the train even though we had no assurances from Amtrak of what would or could be done to get us to our destination.

I will give high praises to the young ticket clerk at Oklahoma City who tried to accommodate our group and several others who refused to get back on the train when it left. He arranged for a chartered bus to take the group to Kansas City where they would board train #4 to Chicago and arrive only 3 hours behind the time originally planned. The bus arrived within the hour, but the driver expressed a real concern as to whether he could make it to Kansas City in time for the train. Even though I only had a round trip ticket to Newton (by then I had decided to stay in Oklahoma City and return on the morning train) I was reluctant to leave the group under those circumstances, so I decided to accompany my people all the way to Chicago. We had an excellent driver, but he had never driven to Kansas City before and I had to sit in the aisle beside him and help with directions. He got us to the station about 20 minutes before scheduled departure, although it took speeds of 60 to 65 mph to do it. For this feat I felt that the \$5.00 I tipped him to be very inadequate for the services rendered.

The station personnel in Kansas City were most helpful in getting the group and their luggage on board the train. However, the car which we had been told to use did not have enough vacant seats (we had been told that a car had been cleared for us) and I had to take 10 of my people to wait in the lounge before this could be straightened out. I had asked the station manager in Kansas City to authorize

a free breakfast in the dining car, since most of my group had not had a hot meal since lunch the day before, but he told me it was beyond his control and advised me to write to the Amtrak headquarters to see about some later compensation. My people were not expecting anything, but I feel this simple gesture would have gone a long way toward placating the anti-Amtrak sentiments floating around. Failing at this, I decided to ask the dining car maitre d' if he would let our group into the car first so they could get something into their stomachs. Apparently I had spoken to his assistant and the manner in which he curtly refused my request was beyond belief. He became so loud and sarcastic and almost abusive when I asked for his name (Mr. C. Atkins) that the maitre d' came over to ask about the problem. He accommodated my request. The rest of the trip was completed without further problems and most of the members even expressed delight with the way the *Southwest Limited* was run. We were met in Chicago by a man who assisted in getting redcaps to carry the luggage to taxi stands, where I finally bid the teachers farewell. I spent about a half an hour exploring Union Station (a place I have been wanting to see for years) before walking 10 blocks to the Palmer House to catch an airport bus. I purchased an airline ticket on the first flight home.

Despite all the problems encountered this experience has not completely soured me on Amtrak. I am somewhat of a rail enthusiast and not unaware of the myriad of problems you have inherited from the railroads and continue to face daily. However, I am wondering how long it will be before I can confidently expect to sell the services of Amtrak to individuals and groups without so many things going wrong. The six years that I have waited so far is not that short a time.

I do not know how many of the teachers will return from Chicago by train. At Oklahoma City about half of them were talking about flying home and asking about possible refunds, but by the time we reached Chicago after a pleasant trip on the *Southwest Limited* most of them had changed their minds. I am not certain they would have done so had I not been along to protect their interests. There seemed to be a complete breakdown of communications between all levels of employees, no supervision, and a great deal of buck passing. I do not regret my decision to continue on to Chicago, despite the financial cost, the time involved, and personal inconvenience to me. However, I do not feel unjustified in asking Amtrak to reimburse my out of pocket expenses. These include \$87.00 for an airline ticket, \$2.00 for a long distance phone call, \$10.00 in tips to the bus driver and coach porter, \$3.50 for the airport bus in Chicago, \$3.00 for the bus from the DFW airport back to town, and \$4.25 for the Sunday lunch in the diner that I would not have had to buy had I gotten home on schedule.

Neither do I feel unjustified in asking Amtrak to write a personal letter of apology to each of the passengers involved. If you decide that any compensation is due them because of lack of services provided that would be even better. I cannot promise that this will prevent any official complaints from being filed with the ICC. This will depend in large part on how their return trip goes on Friday.

I apologize for the extreme length of this letter, but I wanted to inform you of these problems so that appropriate steps can be taken toward their correction, thus enabling me to feel more confident in recommending Amtrak to my clients. I will be glad to talk with you further about this. This letter is like an iceberg and presents only a few of the details I could tell you about this trip.

Sincerely,

DICK SPENCER, *Manager.*

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EXHIBIT B(3)

CORONA, CALIF., August 10, 1977.

AMTRAK-ADEQUACY OF SERVICE BUREAU,  
Washington, D.C.

DEAR SIR: I wish to share with you certain experiences my children and I suffered on a recent trip by Amtrak from San Bernardino Ca. to St. Louis, Mo.

We left San Bernardino Ca. Thursday 23 June 1977 at approximately 9:30 p.m. on Train #4. On Friday the 24th of June we had breakfast in the diner which consisted of Burnt Bacon, Burnt Pancakes, Burnt Toast and Scrambled Eggs half done (with whites of eggs flopping all over the plate). We could not eat that night as the lights went out on the lower level and they said the lights could not be re-

paired. All they had left was two left-over roast beef sandwiches which the four of us shared. The air conditioning went out in the afternoon of the 24th of June and caused a delay in arriving in Kansas City of 1½ hours. The Train #30 from Kansas City to St. Louis was also 1½ hours late which caused us to arrive about two hours late in St. Louis Mo. On the return trip we decided to bring our own food because the food on the train was so bad.

I changed return reservations while in St. Louis Mo. I called on Thursday the 7th of July to re-schedule reservations for Monday the 11th of July at 5:50 p.m. to depart from the Kirkwood Station instead of the St. Louis Station. Due to train derailment in Ohio we left the Kirkwood Station by Bus (furnished by Amtrak). The bus driver did not know how to get to Kansas City and was routed by a CB radio; in spite of this he made a wrong turn causing the bus to be one hour late getting into Kansas City. We almost froze on the bus as the air conditioning was set too high and we were given only 10 minutes for dinner break (not enough time to eat). Thank goodness we had our own food with us.

Consequently, Train #3 left Kansas City one hour late at approximately 3:20 a.m.; with me and 110 Frenchmen touring the USA. Again the air conditioning was broken in our car and the porter (red coat) ran out of pillows when he got to our end of the car (even though he made sure he and his co-worker had one).

We could not sleep all night (no pillows and the heat was unbearable in our car) as we were located next to the diner at the front of the train and the door was left open as the air conditioning did not work in the diner either. When they cleaned the grill, odors wafted into our car. We stayed in the Club Car until 7:00 a.m. (Tuesday) the 12th of July when another porter finally found extra pillows (after I pleaded for them). He could tell we had not slept all night.

We returned to our seats, but it was too hot to sleep. Tried to go back to the Club Car again, but it was full-up with the Frenchmen and no seats were available (even though they were located in a car with air conditioning—they left their car to sit in the Club Car). We were told by a red coat that we could not go to the Dome Car as it was "reserved for the first-class tourist from France". We were also told that the diner next to the Dome Car was reserved for them. We returned to our seats again very exhausted by this time. I took a pain pill and slept a few hours when odors, smoke and grease from cleaning the kitchen grill bothered my asthma so badly that I started back to the Club Car again to find a seat when I noticed the Frenchmen were getting off the train to tour the Grand Canyon. Whereupon I moved all our baggage and my three children into the first air conditioned car vacated by the Frenchmen. I didn't care if they made us get off the train or not I could not stay in that smoke-filled car any longer. In making this move we almost froze (Tuesday night) as the air conditioning was set very high to help keep the front (hot) cars cooler (even though most of the people moved into the cooler cars).

On the way out I did not prepare for the air conditioning to break down for example, it cost me over \$10 just for sodas to keep us from dehydrating while crossing the desert. We arrived in San Bernardino, CA, 2½ hours late.

I believe Amtrak is indulging in false advertising when they portray "new equipment" being used by Amtrak as seen on TV. For instance, I had a better train trip in 1960 when the train was run by Santa Fe. I found the service given by the porters and other help has deteriorated and I feel Amtrak ought to refund my fare or at least partial refund for the torture we were put through. This trip cost me \$682 (my total savings) just for tickets. It was pure hell for me and my children who I am afraid will probably never want to ride a train again. I used to love to ride the trains but we feel that the torture we were put through was just too much for anyone to have to be subjected to. I hope something can be done to update the train service and compensate me for poor services rendered by Amtrak.

Thank you.

MRS. EDINA E. HENDERSON.

#### EXHIBIT C

#### A BROADER PERSPECTIVE OF AMTRAK'S FINANCIAL STATEMENT

Apparently some of RTN's readers have thrown up their hands in despair after reading Amtrak's financial statement on page 17 of the December #1 issue.

Before pushing the panic button and decreeing that no further expansion of the system is tenable, a closer analysis of the facts contained therein is in order.

Prior to FY 1976 the statements were even more depressing because the common and general support expenses were lumped together and subtracted from revenues to obtain profit or loss. The direct expenses were separated out and displayed in a separate column in FY 1976 which began to give some inkling as to what the performance capability of each train might be. Direct expenses are the costs the train incurs specifically related to its own operation and would disappear if the train were removed. Common expenses are the relatively fixed costs that are shared by one or more routes such as the large union stations, and the general support expenses are of a similar nature relating more to maintenance facilities such as the Beech Grove shops. They would obviously not disappear proportionately to the removal of any given route, but would in many cases simply be re-allocated to the routes that were left using the facility in question. As far as can be determined these two cost factors (common and support) are allocated out arbitrarily on a mileage basis which places a heavy burden of the shared costs upon the long-haul trains which run lots of miles and are charged accordingly. But are they responsible for the costs accordingly?

Now for a look at the individual categories of service: Since the Northeast Corridor is an intense social issue it will be around regardless of cost but several observations are appropriate. A nominal direct profit is shown by the Boston-Washington service, but only the Metroliners show a significant direct profit with revenues almost twice the direct expenses although the final column shows a loss of \$13,789 million with its own allocated costs charged against them. If they had to assume a large portion of the \$62 million in costs allocated to the other Northeast Corridor services it would further discredit them. Not only that but in the course of an investigation into Amtrak economics it was discovered that some \$50 million was being charged to the long-haul trains traversing the Corridor, that would still be incurred by the Corridor if the long-haul trains were eliminated. One long-haul train would have had 24 train and engine crew members aboard over a certain division if it had absorbed all the costs charged to it; furthermore, the revenue from corridor passengers riding that train was being credited to the corridor, but their expenses were charged to the train. This led to a separate accounting of the long-hauls traversing the corridor as it appears in its financial statement.

Moving to the short-haul category it is interesting to note that only the Chicago-St. Louis and Chicago-Milwaukee corridors have revenues slightly or nearly exceeding direct costs. In the majority of cases the expenses run two to four times the revenues with an average (excluding special trains) of expenses dominating costs by 2.16 times. These figures will no doubt improve in 1977 but it casts a shadow of doubt on the economic superiority of the short-hauls over the long-hauls as prevailing mythology would have us believe. In 1977 the short-hauls will have a large quantity of new rolling stock working to their advantage.

It is doubtful, though, if new equipment alone will solve the problem of the short-hauls. It is difficult to extract enough dollars from any one patron to pay the costs. Many short freight hauling roads in the East went bankrupt because they could not carry a ton-mile of freight far enough to realize a profit after they paid the cost of generating and loading it. The passenger picture is somewhat similar plus the fact that the competition is intensive. The patron will probably not ride the trains just because it is a train. He will take the best and cheapest way. Then comes the call for faster service. Costs for track construction and maintenance rise exponentially above 80 mph, a passenger speed level that must be maintained anyway for safe freight operation at 60 mph. Following the call for increased speed comes the call for increased frequency of service. Trains are then added and one of two things happens. More vast sums of money are poured into double track, CTC, signaling and other expensive accouterments or otherwise a direct confrontation occurs with the operating railroad when the passenger trains get so thick that it finally does interfere with freight. Most railroads make such claims long before that level is reached but a few tolerant ones are realistic about it.

Anyway, a jam-up corridor operation spells lots of dollars and even then the chances for a direct profit are very small, at least for a long, long time

until improvement costs are liquidated. Corridors are also subject to the inconsistencies of all transit systems due to the requirement of meeting peak load demands and the necessity for stand-by equipment.

The long-haul passenger train is a different story. Up to now it has suffered more from the effects of prejudice and neglect than any other service simply because the thousands of people who would like to use them as they do the burgeoning cruise ship services are reluctant to invest the large number of dollars that are involved in a long rail trip with no more assurance than they now have of receiving their dollar's worth. This is not to say that every air-conditioning unit, plumbing or electrical system, or something equally catastrophic has failed on every car in every train, but there has been enough of it occur that this vast market with sizeable sums of money to spend has become apprehensive and is waiting in the wings for things to improve. The potential is virtually untapped.

In addition the long-haul train has the contiguous corridor market to profit from upon which the long-haul market is superimposed. It makes no difference if a seat is sold from Dallas to Chicago to one person or to Kansas City to one person and on to Chicago to another. If the service is attractive one or the other will probably be there—by the law of averages. The fact that only 4% or so of the travel on long-hauls is end-to-end is not something that has to be. Fix the air-conditioning and the toilets and then see what happens.

Moreover the long-haul train does not require the expensive facilities of the corridor. It can run effectively at 89 mph over track that is maintained at reasonable levels for safe freight operation. Neither is high frequency required. One to three trains usually suffices. Revenue per patron is usually high.

Getting back into statistics it can be observed on the financial sheet that three long-haul trains (Starlight, Sunset, and Panama) already have revenues exceeding direct costs and two more (Loue Star and Lake Shore) almost do. Averaging all of them together the expenses exceed the revenues on a direct basis by 1.48 as compared to the 2.16 for the short hauls. If the Riley Mountaineer, Floridian, and Inter-American, all of which have been severely disadvantaged, are removed the factor goes down to 1.19, almost at break-even level. As for the final profit/loss column the inescapable fact exists that the long-hauls are shouldering over \$118 million in allocated costs, a large portion of which would be re-allocated to the short-hauls if the former were pulled off. The \$52 million in allocated costs borne by the short-hauls would be a less sizeable burden if re-allocated to the long-hauls. Even after including allocated costs the short-haul loss exceeds the revenue by a factor of 2.76 while the long-haul is only 1.69.

The allocated cost approach is a misleading and dangerous accounting system for Amtrak. Opponents can point to the final column and postulate that the only answer to the "losses" is to meat axe the long-haul trains which are the whipping posts of the system. The principle might be valid if the entire rail passenger system were to be exterminated but opponents do not push for this and it is unlikely to happen. The same opponents do not acknowledge the fact that the long-hauls are bearing a large share of the costs that the short-hauls would encounter anyway and that no dedicated effort has been made thus far to place the house in order in regard to making the service more marketable. Undependable equipment and a thin route structure have undeniably attenuated ridership.

Bookkeeping needs to be changed to lump common and general support expenses together with corporate expenses, appearing as one figure for the entire system. The trains are then judged by their individual performance as registered by direct profit. The corollary is suddenly reversed. The solution then becomes to add more trains, long-haul especially because they apparently have more profit potential, so that their direct profits can then be directed toward liquidating the lump sum expenses.

When all of this is considered in a realistic light the picture forthwith comes into focus and the public can be made to understand that the subsidies they are paying for a rail passenger system are due to two factors: First, they are paying for the neglect and oppression of Amtrak by those who have been at the helm of the Department of Transportation for the past several years since the denature of Volpe. This intimidation has drained the energies and resources of Amtrak so that they have not been able to address themselves

toward making a more profitable operation of the limited system they have. Second, the public is paying for an expensive set of fixed-cost facilities around over the country that are only partially used like a 15,000 acre ranch with only a hundred head of cattle. It was mentioned before that a number of services could be removed without materially lowering the fixed costs. They would merely be re-allocated to what remained. By the same token many, many routes could be added without incurring anything much above direct costs. The costs of existing facilities would simply be divided among more trains. A good example would be to add an additional Chicago-Los Angeles train via Memphis-Little Rock-Dallas-Fort Worth-Ablene and El Paso connecting directly with the "Sunset". Only the trackage between Memphis and Little Rock and between Fort Worth and El Paso would have to be activated, no shared facilities would have to be added, and only five or six small stations in West Texas would be re-opened and they would be included in direct costs which the long-haul trains seem to be able to cope with when given half a chance.

It would appear that Amtrak's best chances for progress lie in adding a number of well chosen long-haul routes which will greatly expand marketability, more efficiently use existing facilities, and recruit additional public and political support. It would do well to go easy on the addition of short-hauls until the long-hauls are in place and the former can serve as feeders in addition to their own localized function. This, coupled with an intensive program to improve equipment reliability and personnel quality, should when better reflected by a revised accounting system which shows that the entire nationwide system is inevitably interlinked both economically and functionally, lay the groundwork for the type of rail passenger system which Congress mandated when the Railpax legislation was first passed.

The various routes listed in the fiscal year 1976 financial statement should be evaluated only by their performances as indicated in the first and second columns (revenue and direct expenses) and then only after they have been given the advantage of attractive schedules and routings and have been provided with new or effectively renovated equipment—which has not been done up to this point except for a few short-haul routes.

It is not realistic to judge the route by the final column because columns 3 and 4 (common and general support expenses) do not directly relate to the cost of operating each individual route and will not disappear if the route is deleted. They are allocated costs and for the most part will be reallocated to remaining routes, further reducing their profits, in the event that any particular route is deleted.

The solutions are:

- (1) Solve the mechanical and operating problems making each route as attractive as possible which will increase revenues.

- (2) Add more trains in well chosen places to create additional revenues in excess of direct expenses so that existing facilities are more extensively and economically used, thereby lowering and more effectively spreading common and general support expenses.

Many additional routes can be added without substantial increases in common and general support expenses. They would not be lowered substantially even if a number of routes were deleted since remaining routes would continue to use the same facilities.

It should be noted that four long-haul routes are currently producing revenues in excess of direct expenses and three more are approaching this point. In the short-haul category two services achieve this inside the corridor and the others inside the corridor plus three outside come close, however the final column loss for short hauls is still quite high even though utilization of facilities is quite heavy. This would imply that the revenue per passenger is low in proportion to the costs of generating his patronage and providing the necessary elaborate facilities for corridor operation.

The long-haul train excels in its ability to derive more revenue per passenger in proportion to the cost of generating his patronage and does not require as many elaborate and expensive facilities. Many trains can be added without materially increasing needed facilities whereas the corridor is already heavily utilized. More potential for revenue increases therefore exists on the long-haul routes.

NATIONAL RAILROAD PASSENGER CORP., 5-YR FINANCIAL AND OPERATING PLAN, ROUTE BY ROUTE PROFIT AND LOSS, FISCAL YEAR 1976

[In thousands of dollars]

		Operating expenses				
	Revenues	Direct expenses	Common expenses	General support	Total expenses	Profit/loss
<b>Northeast Corridor (NEC):</b>						
Metroliner.....	\$40,053	\$20,308	\$23,810	\$9,724	\$53,842	\$-13,789
Conventional Corridor.....	10,935	11,268	9,196	4,510	24,974	-14,039
Boston-Washington.....	27,582	26,665	19,513	10,178	56,356	-28,774
New Haven-Springfield.....	684	750	1,065	400	2,215	-1,531
New York City-Philadelphia.....	8,073	12,347	10,096	4,946	27,389	-19,316
Harrisburg-Philadelphia.....	2,196	2,328	1,898	931	5,157	-2,961
New York City-Harrisburg.....	812	846	1,071	423	2,340	-1,523
Total.....	90,335	74,512	66,649	31,112	172,273	-81,933
<b>Traversing Northeast Corridor:</b>						
Washington-Montreal:						
Within NEC.....		2,759	2,201		4,960	
Outside NEC.....		4,241	3,827	2,872	10,940	
Total.....	4,878	7,000	6,028	2,872	15,900	-11,022
<b>New York City-Florida:</b>						
Within NEC.....		6,772	7,088		13,860	
Outside NEC.....		20,895	23,294	12,793	56,982	
Total.....	34,437	27,667	30,382	12,793	70,842	-36,405
<b>Chicago-New York City/Washington:</b>						
Within NEC.....		3,002	2,200		5,202	
Outside NEC.....		7,452	6,732	4,272	18,456	
Total.....	10,031	10,454	8,932	4,272	23,658	-13,627
<b>Kansas City-New York City/Washington:</b>						
Within NEC.....		898	680		1,578	
Outside NEC.....		6,362	5,909	3,052	15,323	
Total.....	5,437	7,260	6,589	3,052	16,901	-11,464
<b>June service startups:</b>						
Within NEC.....		85	63		148	
Outside NEC.....		150	110	111	371	
Total.....	332	235	173	111	519	-187
<b>Subtotals:</b>						
Within NEC.....		13,516	12,232		25,748	
Outside NEC.....		39,100	39,872	23,100	102,072	
Total traversing NEC.....	55,115	52,616	52,104	23,100	127,820	-72,705
<b>Short haul:</b>						
Empire service.....	6,402	9,155	5,877	3,313	18,345	-11,943
Chicago-St. Louis.....	3,231	3,359	5,029	1,850	10,238	-7,007
Chicago-Milwaukee.....	1,253	1,064	3,371	978	5,413	-4,160
Chicago-Detroit.....	3,799	5,169	5,856	2,430	13,455	-9,656
Chicago-Cerbondale.....	1,411	1,806	2,068	854	4,728	-3,317
Chicago-Quincy.....	839	1,315	629	428	2,372	-1,533
Los Angeles-San Diego.....	1,834	2,541	2,651	1,144	6,336	-4,502
Seattle-Portland.....	858	2,577	2,305	1,076	5,958	-5,100
Vancouver-Seattle.....	239	1,138	1,155	506	2,799	-2,560
Washington-Cumberland.....	388	953	1,225	480	2,658	-2,270
San Francisco-Bakersfield.....	553	2,367	2,228	1,013	5,608	-5,055
New York City-Montreal.....	1,270	2,834	952	834	4,620	-3,350
Chicago-Port Huron.....	904	2,231	1,329	784	4,344	-3,440
Chicago-Dubuque.....	271	635	608	274	1,517	-1,246
Minneapolis-Superior.....	341	695	542	273	1,510	-1,169
Los Angeles-Las Vegas.....	28	62	17	18	97	-69
Special trains.....	388	189	123	76	388	0
Total, short haul.....	24,009	38,090	35,965	16,331	90,386	-66,377



NATIONAL RAILROAD PASSENGER CORP., 5-YR FINANCIAL AND OPERATING PLAN, ROUTE BY ROUTE PROFIT AND LOSS, FISCAL YEAR 1976—Continued

[In thousands of dollars]

	Revenues	Operating expenses			Total expenses	Profit/loss
		Direct expenses	Common expenses	General support		
Long haul:						
Chicago-Washington/Norfolk.....	3,435	8,625	5,397	3,091	17,113	-13,678
Chicago-Seattle (North).....	11,875	16,483	10,959	6,048	33,490	-21,615
Chicago-Seattle (South).....	5,714	10,389	8,688	4,205	23,282	-17,568
Chicago-San Francisco.....	12,444	16,883	10,995	6,144	34,022	-21,578
Chicago-Los Angeles.....	16,508	23,654	6,430	6,630	36,714	-20,206
Chicago-Houston.....	6,711	7,761	5,659	2,958	16,378	-9,667
Chicago-New Orleans.....	5,122	3,968	4,441	1,853	10,262	-5,140
Chicago-Florida.....	6,208	12,430	8,187	4,544	25,161	-18,953
St. Louis-Laredo.....	1,137	2,822	2,175	1,101	6,098	-4,961
New Orleans-Los Angeles.....	4,901	4,599	3,573	1,801	9,973	-5,072
Seattle-Los Angeles.....	10,788	10,074	7,042	3,772	20,888	-10,100
Chicago-New York City/Boston.....	4,293	4,429	1,363	1,268	7,060	-2,767
Total, long haul.....	89,136	122,117	74,909	43,415	240,441	-151,305
Other revenues.....	9,443					9,443
Operating total.....	268,038	287,335	229,627	113,958	630,920	-362,882
Corporate expenses.....					43,387	-43,387
Grand total.....	268,038				674,307	-406,269

EXHIBIT D

NATIONAL RAILROAD PASSENGER CORP., FIVE YEAR CORPORATE PLAN—  
FISCAL YEARS, 1978-82

LEGAL ISSUES

Amtrak's program has been developed in accordance with Amtrak's best perception of its legal posture. There are, however, a number of outstanding legal issues that could affect the corporation's planning.

*Compensation for use of tracks*

The ICC decision in the Texas & Pacific (T&P) compensation case relating to operation of the Inter-American between Texarkana and Fort Worth could, if applied nationally, impose additional costs of \$100 million per year for operation on the tracks owned by private railroads. The decision is on appeal in the Court of Appeals for the District of Columbia.

*Highway bridges*

The acquisition of the Northeast Corridor properties, particularly on the Philadelphia-Harrisburg route, has resulted in claims from local governments for repairs to bridges over the tracks. These bridges, used by highway traffic, are in disrepair. Amtrak is being asked to finance overdue repairs to them. Amtrak's position is that it did not take title to bridges that are neither used nor useful for railroad purposes. The issue is being litigated in several communities. An unfavorable decision in these cases could have a serious effect on Amtrak's financial requirements.

*Taxes*

The acquisition of the Northeast Corridor properties has resulted in claims by states and numerous local communities for substantial tax payments. The most serious example was the effort of New York City to remove an exemption from the tax on Penn Station in the amount of \$12 million annually. The New York State legislature restored the exemption but only after a long and expensive fight. In addition to claims for current taxes, the issue of past tax liability is not entirely settled. The 4R Act intended to prevent any such liability, and the Penn Central Trustees have submitted a plan to the Bankruptcy Court to pay off taxes on which they have defaulted. Both tax problems involve millions of dollars.



### *Claims against the Penn Central estate*

The National Arbitration Panel (NAP) held that the Penn Central Trustees were responsible, at their sole expense, for restoration of tracks used by Amtrak trains to the level of utility that existed on May 1, 1971. The Trustees are strenuously opposing the effort to enforce this award, which is now pending before the Bankruptcy Judge in Philadelphia. While these tracks are largely owned by ConRail (and by Amtrak in the Northeast Corridor), the liability for failure to maintain the level of utility between May 1, 1971 and March 31, 1976, and to a further unknown extent until 1996, involves approximately \$22 million in the case of the track covered by the NAP award. The value of improvements on other segments of track could run as high as \$200 million. Failure to recover these monies will require that Amtrak obtain funding from other sources.

### *Track maintenance costs*

Aside from the compensation standards established in the T&P case, the railroads in the negotiation of new compensation agreements are increasing their demands for compensation for incremental track maintenance costs for the wear and tear caused to their tracks by Amtrak's operations. They contend that the formulas presently employed do not adequately cover their costs.

These claims are asserted with ever-increasing vigor since passage of time dims the railroad's recognition that the creation of Amtrak relieved the railroads of annual losses in the hundreds of millions of dollars. These savings, which would have grown considerably greater with each passing year, were the basis for railroad's accepting the continuing obligation to provide adequate track.

Some roads maintain that the requirements of their freight operations would permit them to reduce the level of utility of their track and that Amtrak should pay for attaining the speed differential required for passenger operations. As time continues to blur the substantial consideration given to the railroads in 1971, we must expect that the railroads will increase their demands that Amtrak assume newly asserted categories of track-improvement payments. Such demands will be reinforced to the extent that other federal programs to provide financial assistance for the improvement of track on freight railroads do not achieve their purposes in timely fashion.

The deterioration of some track segments will be greater to the extent that track-improvement assistance is delayed, resulting ultimately in the need for larger expenditures, and among the other costs that must be counted are the unrealized gains in revenues that good track can produce. It would be ironic if Amtrak's need for subsidy increases because the expectation of greater revenues fails to materialize due to track improvements being delayed because federal assistance programs take too long in achieving their goals.

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### EXHIBIT E

RONALD C. SHECK, ASSOCIATE PROFESSOR OF GEOGRAPHY, NEW MEXICO STATE UNIVERSITY

### *Amtrak Ridership in the Southwest: A Case for the Long Distance Passenger Train*

The long distance passenger train is still under attack. It appears that the attack will heat up in the near future. Amtrak's spiraling operation deficit has raised serious questions by critics within and without the transportation arena. Even top management at Amtrak seems to be retreating from earlier statements in support of the long hauls. This is evident in the recent service reductions enacted by NRPC and in others either announced or rumored for the near future. Many say there is no market, that the long distance rail traveler is an "extinct species." The evidence is to the contrary, although the species seems to be a prime candidate for the "endangered" list.

There are two basic ways of looking at the rail passenger market. One is to examine the potentials of different routes. This involves examination of factors like the population of cities and towns along the route, income and occupational levels of the inhabitants, frequency of travel to places along the route, trip purpose, nodal splits, travel amenity factors (comfort, scheduling, etc.) and

many other items that can be quantified and put through rather sophisticated analysis using mathematical models. Many transportation marketing decisions are made in this manner. It is somewhat speculative business with the hazards of the gamble ever present. A second approach is to examine present ridership characteristics. This is a more secure base for making evaluations but although good hard data may be available it often does not tell us the why of ridership patterns. To date little analysis of this data has been made in spite of the fact that the Federal Railroad Administration has collected and tabulated a great deal of information about the movement of passengers over the Amtrak system. Presented in matrix form the data gives the total movement of passengers between any two points on each Amtrak route, divided into first class and coach. Many things can be done with the information. For instance it is possible to determine each station's share of travelers that board or detrain along the route, or what city pairs (an origin city and a destination city) are most important, the flow of traffic over every segment of the route, the relative strengths and weaknesses of coach and sleeping car traffic in different markets on the route and much other useful information. Two limitations of the data must be noted. It provides flow information but not flow direction between two points and it does not tell how much through traffic moves beyond the end points of a particular route onto another route. Nonetheless, the data is very significant in what it tells us about the actual use of passenger trains. Examination of this information for four long haul passenger trains in the Southwest clearly refutes the criticism that no one uses the train for long distance travel.

Two transcontinental routes, the Southwest Limited between Chicago and Los Angeles and the Sunset Limited, between New Orleans and Los Angeles traverse the southwestern states of Texas, New Mexico, Arizona and California. North-south service through Texas northward to Kansas City and/or St. Louis to Chicago is provided by the Lone Star and the Interamerican. The Southwest Limited, nee Super Chief, connects the Great Lakes with the Pacific coast and has the nation's second and third largest metropolitan areas as its terminals. In between lie only two other large urban areas, Kansas City and Albuquerque; combined population 1.7 million. The train operates daily. New Orleans and Los Angeles are the terminals of the triweekly Sunset Limited. Unlike the Chicago-Los Angeles route with only few intermediate large cities the Sunset passes through Houston, San Antonio, El Paso, Tucson and Phoenix with an aggregate population of 5.5 million. These cities contain a larger intermediate cities population than any other Amtrak transcontinental route. The Lone Star is a daily through train between Chicago and Houston serving many large and medium sized intermediate points: Kansas City, Topeka, Wichita, Oklahoma City and Ft. Worth. A connecting section of the train from Ft. Worth provides through service to Dallas. The last train to be examined, the Interamerican, operates from Chicago through St. Louis to Little Rock, Dallas, Ft. Worth, Austin, San Antonio and Laredo, a rather circuitous route. It is rather unique in that one of its end points, Laredo, Texas is a small city (78,000) rather than a major metropolitan center. This is because Congress mandated Amtrak to operate the Interamerican as a train providing an international connection to Mexico at Laredo. As of September 1977 the Interamerican operates three times a week after brief periods of daily operation during 1976 and 1977 over all or parts of the route. Thus we have four rather different long distance trains operating in the Southwest: a daily transcontinental train through a route of scant intermediate population broken only by a couple of major cities; a tri-weekly transcontinental train which serves many large and rapidly growing cities in the "Sunbelt"; a daily north-south train serving a good array of large and medium sized cities scattered between 100 and 300 miles of one another; and a rather erratically operated, but currently tri-weekly, train connecting a large metropolitan area with several other large and moderate sized cities yet terminating at a transfer point rather than at a major urban place. In 1975 the four long distance trains operating in the Southwest carried some 676,400 passengers.

Amtrak President Paul Reistrup has frequently pointed to the very small percentage of passengers that ride through on long distance trains between end points in order to highlight the fact that these trains are heavily used by travelers to or from intermediate points than for through transcontinental travel. The Chicago to Seattle Empire Builder is cited as having only 4 percent of the passengers on the train for the entire trip. While this is statistically true the implication to the reader of such statements is that the train is operated only for a handful of long distance passengers. This is not the case as the analysis of ridership of long distance trains in the Southwest will show.

Let us look at the ridership patterns in some detail. But before doing so the concept of treating end point cities as the only basis for determining through ridership should be challenged. A far better definition of through ridership is one that includes all stations near either end of a long distance train's run. For example, the rider that gets on in Joliet and rides the Southwest Limited to San Bernardino is just as much a through long distance passenger as the traveler from Chicago to Los Angeles. Keeping this new definition in mind let us proceed to examine each of the routes ridership patterns.

**Southwest Limited.** This is the most heavily traveled of the four trains in 1975, but with some 272,000 riders it is just ahead of the Lone Star with 256,000. Sleeping car passengers made up 18 percent of the total. Using the end point cities definition of through ridership some 8 percent of the total passengers traveled between Chicago and Los Angeles. If we expand our definition to include Illinois points from Galesburg to Chicago and California points from San Bernardino to Los Angeles the through ridership rises to 18 percent. A further expansion of the through passenger criteria to include points from Kansas City and east to Barstow and west raises the total percentage of long distance travelers to 25. This means that 25 percent of the passengers are on the train for a distance of at least 1600 miles out of the total route of 2200 miles. By breaking out the sleeping car riders from the total reveals that there is an increasing preference for sleeping car over coach as distance increases. Some 23 percent of all sleeping car passengers traveled between Chicago and Los Angeles. If we use the K.C. and east and Barstow and west definitions this rises to 44 percent.

The major cities on the Southwest Limited route dominate as the crucial origin and destination points. The end point cities, Los Angeles and Chicago, account for 40 percent and 37 percent of the total origins and destinations on the route. Kansas City, Albuquerque and Flagstaff are the most important traffic generators of the intermediate stations. Although Kansas City is three times the size of Albuquerque it accounts for only one percentage point higher as a producer of rail passengers; perhaps the result of inconvenient arrival and departure times of the Southwest Limited. Flagstaff has exceptionally high ridership generation because of its role as a major transfer point to the Grand Canyon and to Phoenix. Even small Lamy, New Mexico, closest station to the tourist center of Santa Fe, accounts for 5 percent of all origins and destinations.

Another critical determinant of long distance travel is city pairs. A city pair represents the direct travel between any two pairs of cities on a route. The single most heavily traveled city pair on the Southwest Limited route is Chicago-Los Angeles (8 percent of the train's total ridership). More people travel between these two points than between any other two points. Next in order of importance are Los Angeles-Albuquerque (6 percent), Chicago-Kansas City (5 percent), Kansas City-Los Angeles (4 percent), Los Angeles-Flagstaff (4 percent), and Chicago-Flagstaff (3 percent). While the individual percentages are not great on these city pairs they account for a cumulative total of 30 percent of all riders on the train. Of course, these are not the only long distance city pairs but they represent those that account for more than 2 percent each of the ridership.

**Lone Star.**—Through ridership is somewhat less significant than for the southwest limited yet it is still a major factor in the operation of this train linking Chicago and Houston. Only 3 percent of the riders use the train from end point to end point. However, over 10 percent of all passengers and some 35 percent of sleeping car passengers ride between points in Illinois and points in Texas. By considering travel from points Kansas City and north to or from Oklahoma City and south the through ridership rises to 24 percent of the total and a very large 62 percent of sleeping car passengers. Chicago is the dominant market center on this route accounting for 36 percent of the total origins and destinations. Dallas and Ft. Worth combined rank second with some 20 percent followed by Houston (18 percent) and Oklahoma City (17 percent). About 28 percent of all travelers originating or terminating in Chicago travel to or from Houston, Ft. Worth, Dallas or Oklahoma City. The most important paired cities are: Chicago-Kansas City (5 percent), Chicago-Dallas/Ft. Worth (3 percent), Chicago-Oklahoma City (3 percent), Chicago-Houston (3 percent), and Houston-Ft. Worth (3 percent). Except for the latter pair all are in excess of 450 miles apart. The number of large cities relatively closely spaced diffuses the passenger load of the Lone Star into more segmented movements than those of the other routes.

**Sunset Limited.**—This train is unique in many ways. It represents a definite upgrading by Amtrak over the service previously operated by the Southern Pacific. Sleeping cars and full meal service were restored after Amtrak's inception in

1971. The route is through a growth area of major metropolitan centers, however the train operates only tri-weekly. Sleeping car passengers account for 20 percent of total ridership, a share unequalled by any of Amtrak's other transcontinental trunks. In spite of the close spacing of major metropolitan centers long distance travel is a greater share of the total on the Sunset Limited than on any of the other three trains examined.

The New Orleans-Los Angeles city pair accounts for 8 percent of the total ridership and 17 percent of the sleeping car patrons. Some 31 percent of the train's passengers travel between points from San Antonio and east and stations in southern California. Of these through riders 41 percent traveled in sleeping cars and they accounted for 44 percent of all sleeping car travel on the Sunset.

Los Angeles dominates as the major traffic producer followed in importance by New Orleans, Houston and El Paso, San Antonio, Tucson and Phoenix contributed fewer riders each than El Paso in spite of having larger populations.

The most important city pairs in descending order are: El-Paso-Los Angeles (11 percent of the total ridership), New Orleans-Los Angeles (8 percent), Houston-Los Angeles (8 percent), Tucson-Los Angeles (8 percent), Phoenix-Los Angeles (7 percent) and New Orleans-Houston (6 percent). That four city pairs with a total of 35 percent of the train's passengers are all lengthy segments (in excess of 500 miles) is a strong indication of long distance travel importance. Conversely where large metropolitan areas are close together (in the 150-300 mile range) the train captures a very small share of the market. San Antonio-Houston, El Paso-Tucson and Tucson-Phoenix each account for less than 1 percent of the riders on the Sunset Limited. Tri-weekly service, middle-of-the-night arrival and departure times and the lack of complementary services to permit single day round trips virtually eliminate the Sunset as a contender for volume traffic in these short haul markets.

Interamerican. This train operated tri-weekly in 1975 and carried 44,244 passengers; 9 percent preferring to travel in sleeping cars. In spite of the fact that the southern terminal is not a major urban center 6 percent of the travel on the Interamerican is between St. Louis and Laredo. Through travel between St. Louis and points in Texas totaled 29% of all ridership and almost 70% of the sleeping car passengers. The most important city pairs were St. Louis-Little Rock (14 percent), St. Louis-San Antonio (7 percent), St. Louis-Laredo (6 percent), St. Louis-Dallas (5 percent), St. Louis-Austin (3 percent) and St. Louis-Ft. Worth (2 percent). Since the data base for this analysis is 1975, before the northern terminal of the Interamerican was extended to Chicago, St. Louis clearly dominates as the major traffic generator. The intrastate city pairs within Texas accounted for less than 2 percent per city pair. The tri-weekly operation clearly eliminates the train as an effective competitor in the short-haul intercity markets. Unreliable timekeeping for which this train is noted is surely another deterrent to the traveler on a tight schedule.

The above ridership analysis of the four trains operating in the Southwest is by no means exhaustive. The conclusion is that a long distance train market as evidenced by actual ridership patterns does exist. This is not the only market for these trains and an equally strong case can be made for medium and short distance travel on them. The train operating over long distances and serving many cities and towns will attract riders making many kinds of trips. However, a single train cannot serve all of the potential markets. As noted above middle-of-the-night station times discourage travel yet on some routes it is impossible to schedule the train so it hits all major cities at convenient hours. Less-than-daily service makes use of the train almost impossible for short haul round trips. The very slim share of total train ridership by the Sunset Limited and Interamerican in markets like El Paso-Tucson, Houston-San Antonio and Ft. Worth/Dallas-San Antonio is evidence of this limitation.

The long distance routes need to be developed to their true potential by inaugurating additional trains. Not only is there a need for all places to be served during daylight hours but also for frequent trains in the major travel paths between the larger cities on long distance routes. Chicago-Kansas City, Dallas-Houston, Tucson-Phoenix and other city pairs are good examples of needed additional services to develop corridor markets on the long distance routes.

These additional trains will allow Amtrak to tap into new markets with very small capital investments and only minimal increases in operating costs for stations, commissaries, locomotive and car servicing facilities and for other indirect

expenses. As Amtrak's own statistics show the Sunset Limited earns revenues in excess of the above-the-rail costs of operation. The large infrastructure necessary for operating a single train on each route is a major determinant of total operating deficits. Only when adequate train service is provided, and filled to capacity, will the ratio of infrastructure costs to total operating costs be brought down to manageable levels. More frequent train service will have a net positive effect on the economics of the Amtrak system.

[From the Washington Post, Sept. 30, 1977]

#### EXHIBIT E (2)

#### WHO'S TO BLAME FOR AMTRAK'S ILLS?

Whoa, there! We rail passenger advocates in Texas and other parts of the West and South take issue with your statement in the Sept. 4 editorial "Passenger Trains: Endangered Species," which lays the blame for Amtrak's deficit on the long-haul trains out in our neck of the woods. Let's take a closer look.

Even after being fully equipped during the past year with new cars, Amtrak's Northeast corridor between Boston and Washington is a horrendous loser. It appears that the deficit for fiscal year 1977 will amount to between \$135 and \$140 million, up from \$82 million in fiscal year 1976. This means that 2 percent of Amtrak's route miles are responsible for 28 percent of the system's \$500-million-plus deficit, and blame cannot be laid on allocated costs because the fixed facilities are heavily used and the costs adequately spread. Although much credit is given to the earning ability of the fast Metroliners, the fact remains that they would perform poorly if the other corridor trains (including to a great extent the long-haul trains traveling through the corridor) did not shoulder a large portion of the allocated costs.

Long-haul trains over the entire country possess a much greater earning potential has ever been attained because their facilities are inadequately used and fixed costs inadequately spread due to an insufficient number of trains servicing them, and because air-conditioning failures and abuses by operating railroads have attenuated their performance. In spite of this, 60 percent of Amtrak's passenger miles are accounted for by the long-hauls.

Looking at it another way the long-hauls account for twice the passenger miles with half the number of passengers as the Northeast corridor. This illustrates the much higher earning ability per passenger of the long-hauls. A reasonable increase in quality of service could easily place the long-hauls ahead in both categories. As a matter of fact, projections show that this is where the greatest potential for growth lies. People will continue to move around over short distances in automobiles even if fuel goes higher or becomes scarce. Long-distance travel will be another story and the expense of flying and the discomfort of the bus will preclude them as the answer.

The future will reveal that the rinkydink \$10 and \$15 tickets sold in the corridor will not get the job done. Remember the multitude of short-haul Eastern freight railroads that went broke because they couldn't haul the freight far enough once they got it loaded to make it pay?

Westerners and Southerners take a dim view of the recent Amtrak cutbacks, which obviously are prejudiced against their areas. It is one thing to find it necessary to wait an hour longer to go from Washington to Philadelphia, but it is another to wait two days longer to go from Dallas to St. Louis. Resources of these outlying areas are obviously being expropriated to shore up the deficit-riddled Northeast corridor. Such services may be vital from a social standpoint, but tourism is the nation's fastest-growing industry, and general-purpose travel increases constantly. Our areas deserve rail passenger development to meet the needs indigenous to them although distinct from the commuting character of travel in the East.

If Amtrak will get on the ball and clean up its operations nationwide it can generate enough revenue at the ticket counter to overcome the short-falls and render inordinate subsidies unnecessary.

M. D. MONAHAN,  
Garland, Tex.

## EXHIBIT F

[From the Phoenix Arizona Republic, May 19, 1977]

## LETTERS TO THE EDITOR—AMTRAK DEFENDED

EDITOR: In view of recent agitation it would be enlightening to know if Greyhound's primary function is operating a propaganda ministry or running buses.

In viewing objections of Amtrak dissidents there seems to be a consistent inconsistency in the arguments presented. We hear from one faction that the passenger train should be given a decent burial along with the stagecoach because it is an outmoded form of transportation and people will not ride them. On the other hand we observe the bus companies screaming because Amtrak threatens to put them out of business. The bus operators attempt to cover this inconsistency by claiming that Amtrak siphons off that "21st passenger who makes the bus profitable". This is hard to swallow. Multi-million dollar corporations do not exist to service marginal operations. Greyhound knows full well that Amtrak will eat their lunch when the rail route structure becomes more complete due to the superior marketability of trains. With 15,000 stations as compared to Amtrak's 500 the bus companies should be handling 20 to 30 times the intercity passenger-miles as Amtrak instead of only twice the amount—which casts doubt on the public acceptance of buses.

Greyhound snarls about Amtrak "deficits", and states that long-haul trains are born losers, hoping to deprive the West and South of rail passenger service. When Amtrak legislation was passed in 1970 Congress mandated Amtrak to establish a nationwide rail passenger system. They have succeeded in establishing the fixed facilities around over the country that are needed for a nationwide system, but due to opposing vested interests a sufficient number of trains has not been added.

In studying the Amtrak financial sheet for FY 1976 it can be seen that four long-haul routes have revenues exceeding direct costs, the "Sunset Limited" serving Phoenix being one of them. There is no reason why the others should not perform equally well when provided with good equipment and improved routings. The "losses" which are attacked so vehemently by the bus companies and other opposing interests result from the fact that the cost of the extensive fixed facilities are charged against the routes by means of ambiguous cost accounting based on mileage. If the "Sunset" or any given train were removed, these allocated costs would not disappear, they would simply be reallocated to what was left. The answer is not fewer trains but more and better trains so the patronage will build and so that the fixed facilities will be adequately used and the costs adequately distributed. This will result in more direct profits which can be directed toward liquidating the fixed costs.

People in the West should not buy the old cliché that trains belong only in the Eastern corridors. It is the long-haul trains that have the economic potential because they generate more revenue in proportion to the solicitation and handling costs per passenger due to the greater mileage. Analogous to this is the fact that Western long-haul freight railroads are prosperous and many short-haul Eastern lines are bankrupt. If short-haul passenger lines are so productive then Amtrak should purchase the Long Island Railroad!

Greyhound sheds tears for the "poor" people they claim will suffer from the neglect of bus facilities, but they avoid the subject of the elderly who cannot tolerate the cramped conditions of a bus or cannot fly and need the comfort of a train.

It is appropriate to point out that the Department of Transportation has reported that trains can be the most efficient form of public transportation (up to 360 seat miles per gallon) contrary to what Greyhound implies.

M. D. MONAGHAN,  
Dallas City-County, Amtrak Committee, Garland, Tex.

[From the Los Angeles Herald Examiner, Saturday, Dec. 25, 1976]

## READERS' FORUM—LETTERS TO THE EDITOR—CRITICISM OF AMTRAK SCOLDED

The bad-mouthing of Amtrak by Greyhound's C. D. Kirkpatrick as described in your Dec. 9 issue was inappropriate and in bad taste during these days of concern over energy conservation.



From observing the impressive increases in Amtrak ridership between Los Angeles and San Diego it is obvious that people are beginning to think in these terms, but they simply do not consider bus transportation a satisfactory alternative due to the limited attractions it has to offer.

A look at prevailing statistics tells the tale. Amtrak serves approximately 500 stations nationwide but suffers from a very restricted route structure with limited marketability. The bus lines serve 15,000 stations well distributed over the nation with a highly marketable pattern.

In spite of the obvious difference in exposure the bus companies can muster only 2 per cent of the intercity market and their volume is declining, whereas Amtrak accounts for 1 per cent of the market and is increasing, especially the long-haul routes.

In all fairness, however, it should be pointed out that Amtrak in reality serves 18 per cent of the market in the limited areas they service. If the public had a high regard for bus transportation the bus companies would clearly be doing 20 to 30 times the volume of Amtrak instead of twice the volume.

The bus companies are over-extending themselves in attempting to appear as non-subsidized, tax-paying private enterprises. This might be the case if the motor carriers were partners with the highway departments, supplying capital of their own to supplement the cost of highway construction which would, of course, entail borrowing of money and payment of interest and taxes.

Instead, they sit back and permit the public to build these elaborate and expensive facilities whereupon they occupy them for a nominal user charge. The use of these facilities for such a pittance represents a Christmas tree of unparalleled value and renders criticism of Amtrak subsidies entirely out of place.

M. D. MONAGHAN,

*Dallas City-County, Amtrak Committee, Garland, Tex.*

[From the Dallas Times Herald, Monday, Oct. 3, 1977]

#### LETTERS—BUSES VERSUS PASSENGER TRAINS

In comparing energy efficiencies of passenger trains and buses, Mr. James Nenow, in his Sept. 21 letter, fails to consider one important factor. The fuel efficiency of a vehicle operating with a good payload of passengers is one thing. The efficiency while operating only partially filled is another. Very closely connected to this issue is the matter of how attractive a mode of transportation is to the public so that they will use it in large numbers; in other words, what is its potential of utilization?

Until energy constraints become more severe, the public will continue to have a choice among several modes of transportation, therefore they will be highly selective when it comes to attractiveness.

Problems of the bus industry began long before Amtrak. In the period from 1950 to 1970, their share of intercity traffic dropped from 37.7 per cent to 16 per cent, about the same as it was in 1929. This period should have been a windfall for the buses as the railroads were deliberately strangling their passenger service and in 1971 one-half of the remaining trains were discontinued with the advent of Amtrak. Concurrently, highways were radically improved, yet bus traffic declined steadily and still is. They simply lacked the ability to attract passengers. Their lack of marketability is evident since they have 30 times the number of stations as Amtrak but handle only twice the number of passenger miles.

The multitude of handicaps under which Amtrak has operated for the past six years have been well documented. Eastern domination and prejudice toward the Northeast Corridor plus opposition from external sources has stunted rail growth in our part of the country and many others, yet Amtrak patronage has grown steadily in spite of the handicaps. It is basically an attractive and marketable product when properly run. Consequently, its fuel efficiency is unsurpassed when its service is optimized and its trains are filled, a process that it will undergo as new equipment is placed in service, routes realigned and disputes with railroads resolved. Department of Transportation data lists top efficiency for trains as 360 seat miles per gallon while buses come in at 280. In reality, both are basically fuel efficient and should not be quarrelling with each other but preparing to accommodate users of the automobile as their costs soar and they are forced to public transportation.

As for subsidies, concurrent with their broadside attack on Amtrak during the past year the bus companies have quietly been shepherding legislation

through Congress which will exempt them from the user charges they previously paid for use of the highways. Passage of this legislation will mean that taxpayers will make up the difference and the bus companies will enjoy a subsidy comparable only to that of the barge operators who have used the waterways for decades with no compensation to the government. Amtrak operates on a privately owned right of way which is taxed by the same districts to which we all remit as taxpayers and receives a subsidy clearly visible to the public, not hidden and doled out in bits and pieces as with other forms of transportation.

M. D. MONAGHAN,

*Director, Region IX, National Association of  
Railroad Passenger, Garland, Tex.*

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[From the Dallas Times Herald, Sept. 21, 1977]

**LETTERS—AMTRAK WASTES TAXES, ENERGY**

A recent letter advocated establishment of immediate Amtrak railroad service between Dallas, Fort Worth, Houston and San Antonio.

Apparently the writer was not aware that excellent, highly competitive, frequent bus service presently exists between these cities. That's also true of air service. From an energy standpoint the bus in 1976 produced 126 passenger miles per gallon of fuel, while Amtrak produced 44 passenger miles per gallon, about the same as the automobile.

Every Amtrak passenger's fare is presently being subsidized by the taxpayer at the rate of \$33.50. On the St. Louis-to-Laredo Amtrak train, which operates between Fort Worth and San Antonio, taxpayer subsidy for each passenger is \$105. You and I, the taxpayer, are also subsidizing more than half of the cost of Amtrak passengers' food and drink. We believe this waste of our tax dollars and declining energy reserves is shameful.

JAMES NENOW,  
*Arlington.*

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**STATEMENT OF GERALD L. PIERI, ON BEHALF OF THE COMMONWEALTH OF MASSACHUSETTS**

I am Gerald L. Pieri, Director of Rail Operations for the Commonwealth of Massachusetts. I am pleased to be here today on behalf of Secretary of Transportation Frederick P. Salvucci and to present the views of the Commonwealth.

First of all, let me say that I have not come here to make every word of my testimony into an all out attack on Amtrak. Frankly, Amtrak (and its management) have done many good things. Several aspects of train service are significantly improved over those which existed in the middle of 1971 when Amtrak was just starting to operate. New and refurbished equipment, cleaner stations, reasonably workable reservations system, reliability, and even such basic creature comforts as heat, air conditioning, and functioning rest rooms are rapidly becoming the rule rather than the exception.

From my personal viewpoint (in addition to my professional viewpoint), the improvements are most welcome. I usually take the sleeping car in the overnight train when I come here to Washington from Boston. (I did not do so last night because I was coming from a place where there is no Amtrak service.) This has always been more convenient to me than a pre-dawn dash to the airport, and I was willing to endure a very shabby and unheated roomette (or one where the heat could not be shut down), washing myself in cold water, and not being able to even get a cup of coffee in the morning. Now, the train is clean, the heat works (and can be regulated) the wash basin has hot water, and I can get coffee, a hot roll, or even sometimes a hot breakfast.

Significantly, these improvements have been made against great odds. The condition of the car fleet that Amtrak inherited was bad—far worse than anyone had anticipated. The track (contrary to the provisions of the contracts between Amtrak and the freight railroads) continued to deteriorate with resulting slower schedules, derailments, and even reroutings. Cooperation between freight railroads and Amtrak has not always been (we are told) as good as it should be. And, the funding has not always been as adequate as it should be, probably because none of us realized the magnitude of the problems.



However, while the Commonwealth recognizes the achievements that Amtrak has made and the problems that were faced, my job today is not to document them to you. Amtrak can certainly do that. Rather, I view my responsibility as being to discuss with you the tasks that are yet to be done at Amtrak, to review with you the shortcomings that we see, to note some of the frustrations that we state transportation officials experience when we try to work (with Amtrak) to improve service, and to make a suggestion as to what you in the Congress can do to help achieve the goals that we all had seven years ago when Amtrak was being created.

I have several messages that I would like to convey:

(1) The service cuts planned for the end of this month for the Northeast Corridor simply cannot be allowed to stand. Congress should give serious thought to restoring some of the previous Amtrak budget cut, as distasteful as that may be.

(2) Amtrak should have the ability (including the financial ability) to run additional trains on existing routes and to make route extensions where significant opportunities exist to improve service and to improve Amtrak's financial picture.

(3) We have faced some problems, and still continue to face some problems, in dealing with Amtrak in understanding the rationale of some of the decisions that its management makes.

(4) Despite this, it is not time to call for the end of Amtrak, a phasing out of Amtrak, or a drastic downward restructuring of the scope of Amtrak. We doubt that it will ever be appropriate to call for these drastic actions.

(5) The solution to our current problems with Amtrak is *not* to have wholesale changes in the top management of the railroad.

#### RESTORATION OF NORTHEAST CORRIDOR TRAINS SCHEDULED TO BE CUT THIS MONTH

First, there is the matter of the budget and the service cuts that resulted when Amtrak management did not get all of the money it wanted. (As you know, Amtrak had requested \$534 million; the administration proposed \$500 million; and Congress appropriated \$488.5 million—an amount \$45.5 million or 8.5 percent—less than the original request. Amtrak responded by massive cuts in its service.)

The best information that we can get from Amtrak (and this is verbal information from their governmental relations people) is that these drastic cuts will "save" approximately \$28 million nationwide of which approximately \$10 million will be "saved" on the Northeast Corridor. To "save" \$10 million—less than 2 percent of its proposed budget, Amtrak is cutting over one third of its corridor trains including 32 percent of the trains on the Boston to New Haven end of the Corridor and 45 percent of the Corridor trains between New Haven and Springfield, Massachusetts.

We don't know if schedule cuts were really necessary to cover the \$45 million shortfall. We have been unable to find out many of the real details of where Amtrak's money goes and what other economies could have been tried in lieu of service cuts. Without firm information, I can only strongly suspect that there were other areas of possible savings, but that these savings would not have the same public impact—and therefore the same pressure on Congress to restore the full funding request. Perhaps you can learn the facts.

We do know, however, that there is a very poor cost benefit ratio resulting from making the high percentages of cuts in the Northeast Corridor for a savings of less than 2 percent of the budget. We also know that these cuts are hardly consistent with the present investment of approximately \$2 billion of public money into upgrading the Northeast Corridor. And, we do know that these cuts are a large step backward in our efforts to create a convenient rail service that will attract many new riders from energy-inefficient and congested highways and air routes in the corridor.

Also, we wonder if the cuts represent actual savings or if they actually result primarily in layoffs for train and engine crews, on-board service employees, and other workers who are protected by Section 505 of the Regional Rail Reorganization Act of 1973 and who will be paid—with Federal money, but not out of the Amtrak budget—even if they do not work. Somehow, shifting an expense from the Federal-funded Amtrak budget to the Federally-funded Regional Rail Transportation Protective Account (created in Section 509 of the Regional Rail

Reorganization Act of 1973) doesn't seem to be a saving for the taxpayer although it does improve Amtrak's financial statement.

There are many who say that true success of the Northeast Corridor is dependent on reliable service offered on a convenient and frequent schedule—a memory schedule similar to the “every hour on the hour” schedule that Eastern Airlines offers on its “air shuttle”. Certainly, the patronage increases that resulted every time a Metroliner was added to the New York to Washington service confirms this as do the results of the studies that the Federal Railroad Administration has made as part of its Northeast Corridor Project. Amtrak's cuts are hardly consistent with this philosophy.

Of course, we made a strong protest to Amtrak when the planned cuts were made known to us a few days before they were finalized. Massachusetts Secretary of Transportation Frederick Salucci sent a rather detailed telegram to each of Amtrak's board members. The best that could be offered in reply was a letter (from Amtrak's Director of State and Local Services) suggesting that “sufficient trains will be available so that with some adjustment in travel patterns, the requirements of most potential passengers can be met.” Perhaps such a statement would be accurate when talking about the vacation traveler who forms a significant percentage of Amtrak's long-haul market—frankly, I do not know—but the statement is not valid at all when talking about the business person on a relatively short trip who predominates the Northeast Corridor and who should be drawn in even greater numbers to using rail service.

Massachusetts supported by the other Northeast states, feels that the corridor service cuts must be restored. So, we urge Congress to give Amtrak sufficient funds to rescind these massive corridor cuts. (I realize that this is also a matter for another committee of Congress.) In fact, we in Massachusetts are not at all opposed to the restoration (this year) of enough funding to rescind all of the proposed service cuts. We do, however, feel that any such action should be accompanied by a Congressional requirement that Amtrak prepare a thorough evaluation of system efficiency, costs, and ridership, its plans to improve its overall performance, and its plans to develop logical service expansions.

Amtrak should get a loud and clear message from Congress that this course of action (massive schedule cuts to try to force Congressional action in favor of more money) will never work again and that the Congress will have no mercy on those who even attempt to try it again.

#### ABILITY TO EXPAND THE SYSTEM IS NEEDED

The numbers used by Amtrak in announcing its cuts to corridor service seem to indicate that (if equipment is available) the addition of several trains to the corridor could be accomplished at a very small incremental cost. The experience of the Metroliner additions, the FRA corridor studies, and the experience of the “Air Shuttle” all indicate that the ridership attracted by expanding corridor service (especially north and east of New York) would be significant. It is very likely that the incremental gains in revenue could exceed the incremental costs.

Yet, Amtrak is presently so constrained by the budget (or at least that is what they tell us) that cuts rather than improvements in service are the only choice.

Similarly, Amtrak has some opportunities to extend present routes at a very high financial return and at a very significant improvement in the scope of service offered. Again, the budgetary constraints all but preclude these extensions.

We suggest that Congress admonish Amtrak to pay more attention to improvements and expansions of existing services and extensions of existing routes in high population areas where the payoff in people carried and energy saved is so high. We believe that such planning should follow the criteria for new routes which were developed by Amtrak last year under Congressional mandate.

#### PROBLEMS

We do face problems in dealing with Amtrak. Perhaps these problems are not as great as we have faced in the past, but they still exist. We hope that Congress will be able to inspire Amtrak management into providing more rapid solutions.

We find that it is difficult if not impossible to meaningfully communicate with Amtrak on such matters as schedule changes and changes in station stops.

We find that we have very little warning (we used to have more) of schedule

changes. And we even have trouble getting prompt Amtrak responses on proposals that involve our spending large amounts of state money to improve their services.

#### DO NOT ABOLISH AMTRAK

Some have argued recently that Amtrak is doing so poorly that it should be abolished. This is from our point of view, hardly the case. Granted, Amtrak is still doing a lot more poorly than most of us would like, but it still presents to us the best opportunity to restore intercity rail passenger service to the position which it should have in our overall transportation system—a position which is becoming increasingly important as energy, land use, and environmental considerations evolve. Perhaps it is time to make changes at Amtrak, but it is not time now, and it will probably never be the time, to start phasing out Amtrak.

#### DO NOT DEMAND WHOLESALE RESIGNATIONS FROM TOP MANAGEMENT

Some have said recently that we should thoroughly clean house at Amtrak and bring in a whole new management team. We are not yet convinced that this is the answer. Massachusetts believes we may be much better off by mandating some changes in the way that things are managed rather than by bringing in an entire new (and therefore inexperienced) team to do the managing. One of the problems, as we see it, is that Amtrak's top management is only now starting to get a good feel for some of the problems that exist. It would seem unwise, therefore, to force the new people to go through the same long process of establishing lines of communication.

#### CONCLUSION

I appreciate having had this opportunity to share these views with you. We in Massachusetts have long been strong supporters of good rail passenger service. We see the upgraded Northeast Corridor as being the only reasonable way to avoid increased overuse of highways and airways. Consistent with this philosophy, we have put up our entire share of the "non-Federal" funds for the Northeast Corridor Project—the first, and (I am told) still the only state to do so.

There are many problems with Amtrak, and many of its management decisions seem less than appropriate. Probably, the biggest source of the problems is a consistent lack of good communication—with the states, with Congress, with the operating railroads, with its own employees, and with its potential riders. Perhaps the first step in overcoming these problems is a Congressional demand for drastically increased accountability of management to the Congress.

We should not use these problems—as bad as they may be—as an excuse to eliminate Amtrak or sharply reduce its scope.

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#### TEXAS ASSOCIATION OF RAILROAD PASSENGERS, HOUSTON CHAPTER, *Houston, Tex., October 31, 1977.*

HON. FRED B. ROONEY,  
*Chairman, Transportation Subcommittee, House Interstate and Foreign Relations Committee, Washington, D.C.*

DEAR MR. CHAIRMAN: We would appreciate your entering the following remarks into the record of the Subcommittee's hearings on Amtrak services:

The Houston Chapter of the Texas Association of Railroad Passengers is a group of citizens concerned with the improvement of rail passenger services to provide an attractive alternative to the private automobile for intercity transportation and local transit. We are deeply disturbed by what we perceive to be a failure on the part of Amtrak's management to develop the existing potential for rail passenger service in the south and southwest parts of our country.

Concentrating almost exclusively on corridor operations, Amtrak has provided only minimum levels of service on its long-haul trains. Frequent mechanical breakdowns due primarily to poorly performed maintenance, infrequency of service at inconvenient hours, and poor time-keeping, have been ongoing conditions on the long-haul routes since Amtrak's beginning, and have kept the true potential of the long-haul trains from being realized. Yet despite these adversities, long-haul ridership continues to grow, in evidence of the public's desire for this transportation mode.

The economics of the long-haul train which enable it to generate considerably higher revenues per passenger without a corresponding increase in costs, compared to the corridor operation, indicate that it is the long-haul operation which holds the key to reducing Amtrak's current inordinate subsidies. All transportation modes receive public subsidy, both indirect in the form of utilization of public facilities, or direct in the form of grants. However, Amtrak's present level of subsidization is unquestionably too high relative to its current passenger load.

The answer to this dilemma lies in a reordering of priorities within Amtrak. Amtrak must re-address its marketing effort toward the long-haul trains on those routes which present high utilization potential on the basis of city pairs. Evidence of this need is current ridership on the "Coast Starlight Ltd." from which passengers are all too frequently turned away for lack of space. Expansion of such routes to more than one daily train will result in exponential increases in ridership thus providing greater fixed cost coverage. Other routes such as the "Sunset Ltd.", the "Lone Star", and the "Lakeshore Ltd." offer the same potential, not to mention routes which do not now exist, but are needed.

Ideally Amtrak should be capable of internally reordering its priorities. However, if it appears incapable of such, as its last six years would indicate, then a Congressionally mandated reordering is needed, along with a thorough "house-cleaning" of the individuals responsible for the present morass. Before such can occur, however, it will be necessary to remove the Congressionally imposed salary ceiling which now serves as a disincentive to competent individuals who might otherwise be willing to shoulder Amtrak's burdens. A relatively low salary may not dissuade a potential Secretary of State, but an operating manager of Amtrak does not have the same non-financial rewards.

We are convinced that a viable intercity passenger rail system is absolutely necessary for present and future mobility in our Nation. Amtrak is not now adequately meeting this need, but only because of management failure to exploit its potential. The concept is sound, but the development of Amtrak's premium market—the long-haul trains—must be exercised if it is ever to prove a success.

JAMES W. HOFMEISTER,  
*President.*

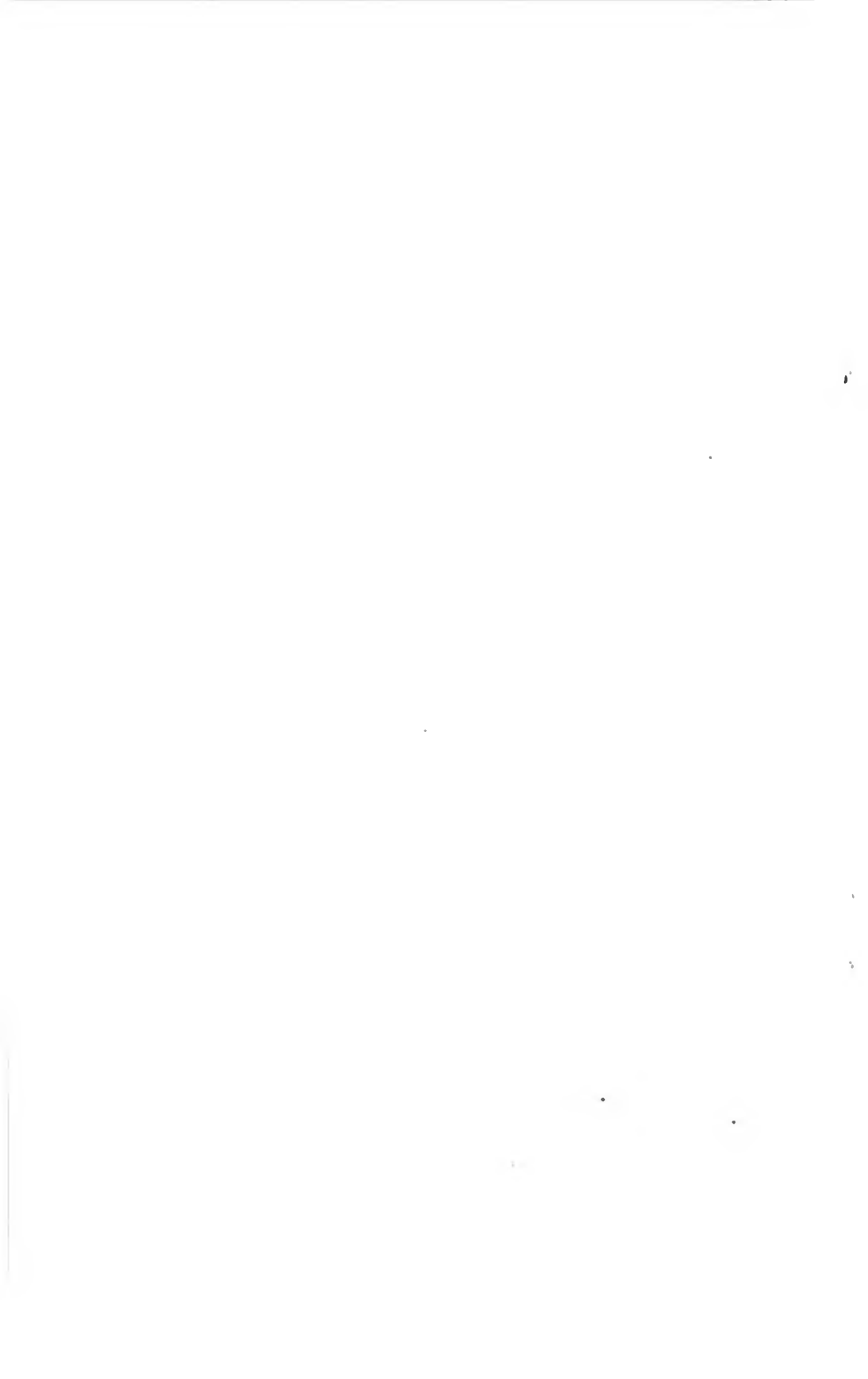
[Whereupon, at 3:50 p.m., the subcommittee adjourned.]















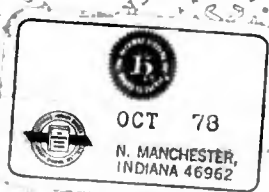
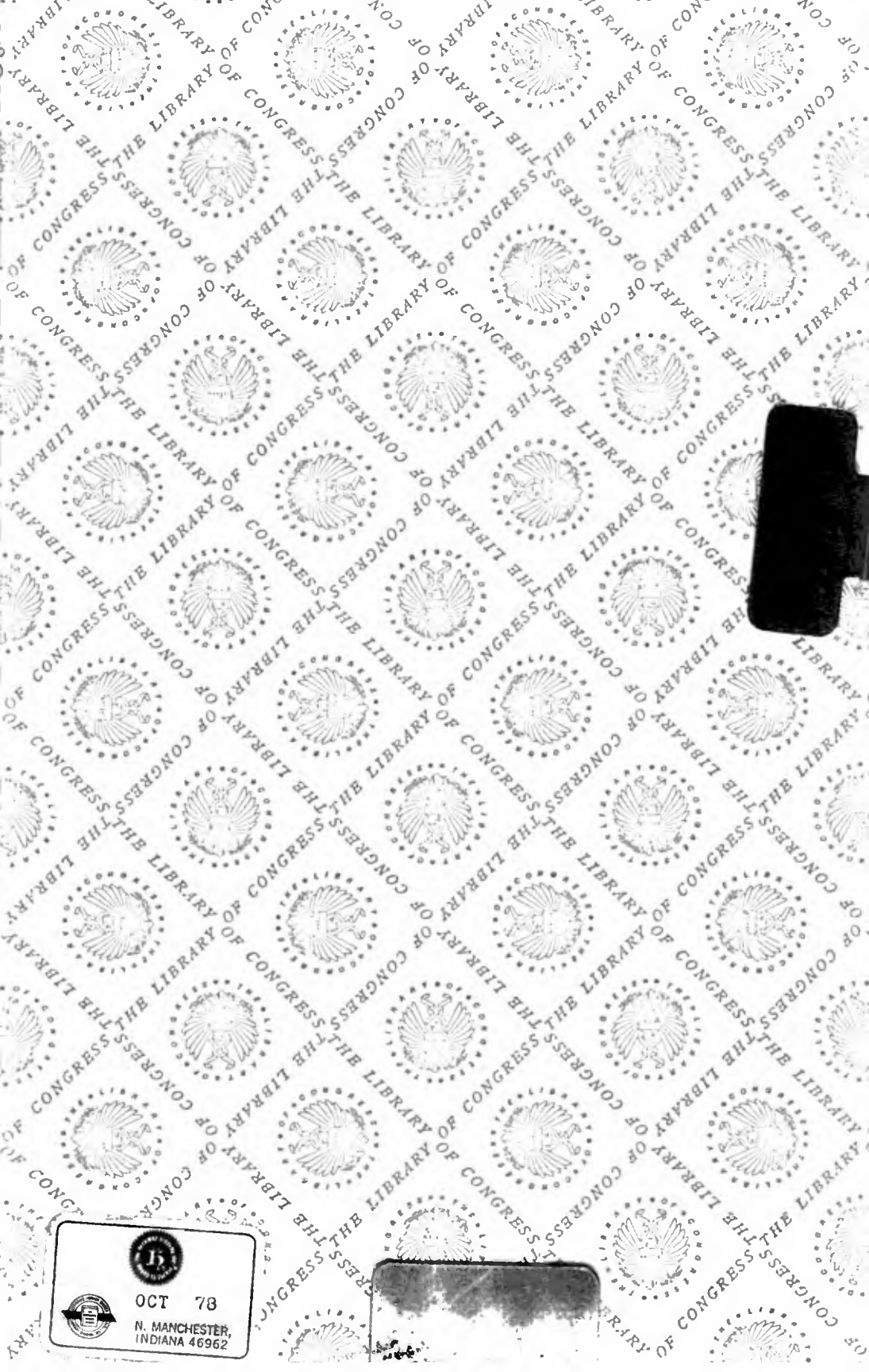
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